

**BOROUGH OF KEANSBURG
MONMOUTH COUNTY
NEW JERSEY**

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY DATA
AND INFORMATION**

**FOR THE FISCAL YEARS
ENDED JUNE 30, 2008 and 2007**

HODULIK & MORRISON, P.A.

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS
HIGHLAND PARK, N.J.

**BOROUGH OF KEANSBURG
MONMOUTH COUNTY, NEW JERSEY**

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BOROUGH OF KEANSBURG
MONMOUTH COUNTY, NEW JERSEY

PART I
INDEPENDENT AUDITOR'S REPORT
FINANCIAL STATEMENTS – REGULATORY BASIS

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REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Keansburg
Monmouth County, New Jersey

We have audited the accompanying balance sheets – regulatory basis of the various funds of the Borough of Keansburg, Monmouth County, New Jersey, as of and for the years then ended June 30, 2008 and 2007 and the related statements of operations and changes in fund balance – regulatory basis for the years then ended and the related statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the various funds for the year ended June 30, 2008. These financial statements are the responsibility of the Borough's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed in the following paragraphs, we conducted our audit in accordance with auditing standards generally accepted in the United State of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements prescribed by the Division of Local Government Service, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements – regulatory basis referred to in the first paragraph do not include the Statement of Governmental Fixed Assets, which should be included to conform with the basis of accounting described in Note 2. The amount that should be recorded for Governmental Fixed Assets is not known.

As described in Note 2, these financial statements were prepared in conformity with accounting principles prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrate compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. These prescribed principles are designed primarily for determining compliance with legal provisions and budgetary restrictions, and as a means of reporting on the stewardship of public officials with respect to public funds. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in accordance with accounting principles generally accepted in the United States of America.

In our opinion, because the prescribed regulatory basis of accounting as described in the preceding paragraph is utilized by the Borough of Keansburg, County of Monmouth, New Jersey for the purpose of financial statement preparation, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Keansburg, County of Monmouth, New Jersey as of June 30, 2008 and 2007 or the results of its operations, or cash flows of its proprietary fund type for the fiscal year then ended.

However, in our opinion, except for the effects of the omission of the Statement of Governmental Fixed Assets, the aforementioned financial statements present fairly, in all material respects, the financial position – regulatory basis of the various funds of the Borough of Keansburg, Monmouth County, New Jersey, for the State Fiscal Years ending June 30, 2008 and 2007 and the results of operations and changes in fund balance – regulatory basis for the years then ended and the related statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the various funds for the year ended June 30, 2008 on the basis of accounting described in Note 2.

In accordance with Government Auditing Standards, we have also issued a report dated June 16, 2009 on our consideration of the Borough of Keansburg's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Borough of Keansburg, County of Monmouth, New Jersey taken as a whole. The information included in the supplementary data and schedules listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Keansburg, County of Monmouth, New Jersey. Such contained in the Supplementary Data and Supplementary Schedules has been subjected to auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects to the financial statements taken as a whole.

Hodulik & Morrison, P.A.

HODULIK & MORRISON, P.A.
Certified Public Accountants
Registered Municipal Accountants

Robert S. Morrison

Robert S. Morrison
Registered Municipal Accountant, No. 412

Highland Park, New Jersey
June 16, 2009

HODULIK & MORRISON, P.A.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Members
of the Borough Council
Borough of Keansburg
County of Monmouth, New Jersey

We have audited the basic financial statements of the Borough of Keansburg, in the County of Monmouth, New Jersey, as of and for the year ended June 30, 2008, and have issued our report thereon dated June 16, 2009. Our report was qualified because of the departure from accounting principles generally accepted in the United States of America as disclosed in Note 2 and omission of the Statement of Governmental Fixed Assets. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Borough of Keansburg's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough of Keansburg's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Borough of Keansburg's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Borough of Keansburg's financial statements that is more than inconsequential will not be prevented or detected by the Borough of Keansburg's internal control. We consider the deficiencies described in the General Comment section of the Report of Audit to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Borough of Keansburg's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Keansburg's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey: The Borough does not maintained a governmental fixed asset accounting and reporting system.

We also noted certain matters that we have reported to the management of the Borough of Keansburg in the General Comments section of the Report of Audit.

This report is intended solely for the information of the Mayor and Borough Council, management, Division of Local Government Services and federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



HODULIK & MORRISON, P.A.
Certified Public Accountants
Public School Accountants

Highland Park, New Jersey
June 16, 2009

HODULIK & MORRISON, P.A.

FINANCIAL STATEMENTS – REGULATORY BASIS

BOROUGH OF KEANSBURG
MONMOUTH COUNTY, NEW JERSEY

CURRENT FUND
BALANCE SHEET - REGULATORY BASIS
JUNE 30, 2008 AND 2007

| ASSETS | REF. | BALANCE JUNE 30, 2008 | BALANCE JUNE 30, 2007 | LIABILITIES, RESERVES AND FUND BALANCE | REF. | BALANCE JUNE 30, 2008 | BALANCE JUNE 30, 2007 |
|---|------|--------------------------|--------------------------|---|-----------|--------------------------|--------------------------|
| Cash and Investments - Treasurer Change Fund & Petty Cash Fund | A-4 | \$ 2,170,120.94 | \$ 2,286,477.97 | Liabilities: | A | \$ 174,000.00 | \$ 232,000.00 |
| Due from State of New Jersey Chap. 73, P.L. 1976 | A-5 | 475.00 | 475.00 | Special Emergency Notes Payable | A-2 | 79,675.30 | - |
| | | | | Excess Non Municipal Tax Billings | A-3, A-11 | 275,947.79 | 444,304.72 |
| | A-6 | 60,706.78 | 60,743.03 | Appropriation Reserves | A-3, A-11 | 260,103.31 | 203,169.21 |
| | | | | Reserve for Encumbrances | A-12 | 5,146.45 | 201.72 |
| | | 2,231,302.72 | 2,347,696.00 | Tax Overpayments | A-14 | 3,584.13 | 112,912.33 |
| | | | | Accounts Payable | | | |
| Receivables and Other Assets With Full Reserves: | | | | Due to State of N.J.: | | | |
| Taxes Receivable | A-7 | - | 9,381.95 | Marriage License Fees | A-14 | 1,015.00 | 915.00 |
| Tax Title Liens | A-7 | - | 31,262.42 | Due to Outside Lien Holders | A-14 | - | 25,631.40 |
| Property Acquired for Taxes Assessed Valuation | A-7 | 222,900.00 | 222,900.00 | Payroll Deductions Payable | A | 73,605.57 | 65,923.62 |
| Revenue Accts. Receivable | A-8 | 54,666.33 | 42,133.11 | Due State & Federal Grant Fund | A-10 | 6,950.86 | 6,950.86 |
| Due Animal Control Fund | A-10 | 3,169.03 | 2,321.31 | Due General Capital Fund | A-10 | 724,839.67 | 255,715.43 |
| Due Other Trust Funds | A-10 | 4,466.81 | 4,466.71 | Due Water & Sewer Capital Fund | A-10 | 178,962.62 | 184,145.89 |
| | | | | School Tax Payable | A-13 | 4.96 | - |
| | | | | Reserve for: | | | |
| | | 285,202.17 | 312,465.50 | Revaluation | A-14 | 32,214.75 | 32,214.75 |
| | | | | Insurance Claims | A-14 | 1,384.47 | 1,384.47 |
| Deferred Charges: | | | | | | | |
| Special Emergency Appropriations | A-9 | 174,000.00 | 232,000.00 | Total Liabilities | | 1,817,434.88 | 1,565,469.40 |
| | | 174,000.00 | 232,000.00 | Reserve for Receivables | Reserve | 285,202.17 | 312,465.50 |
| | | | | Fund Balance | A-1 | 587,867.84 | 1,014,226.60 |
| Total Current Fund | | 2,690,504.89 | 2,892,161.50 | Total Current Fund | | 2,690,504.89 | 2,892,161.50 |
| State & Federal Grant Fund: | | | | State & Federal Grant Fund: | | | |
| Cash | A-4 | 31,611.85 | 76,736.87 | Reserve for Encumbrances | A-17 | - | 5,245.00 |
| State & Federal Grants Receivable | A-15 | 132,794.73 | 58,442.00 | Reserve For State and Federal Grants: | | | |
| Due from Current Fund | A-16 | 6,950.86 | 6,950.86 | Appropriated | A-17 | 137,236.85 | 117,372.14 |
| | | | | Unappropriated | A-18 | 34,120.59 | 19,512.59 |
| Total Grant Fund | | 171,357.44 | 142,129.73 | Total Grant Fund | | 171,357.44 | 142,129.73 |
| | | | | | | | |
| | | \$ 2,861,862.33 | \$ 3,034,291.23 | | | \$ 2,861,862.33 | \$ 3,034,291.23 |

Note: See Notes to Financial Statements.

BOROUGH OF KEANSBURG
MONMOUTH COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

| <u>REVENUE AND OTHER INCOME REALIZED</u> | <u>REF.</u> | <u>YEAR 2008</u> | <u>YEAR 2007</u> |
|--|-------------|----------------------|------------------------|
| Fund Balance Utilized | A-2 | \$ 850,000.00 | \$ 775,000.00 |
| Miscellaneous Revenues Anticipated | A-2 | 4,845,795.22 | 4,814,500.18 |
| Receipts from Delinquent Taxes | A-2 | 8,814.23 | 3,313.37 |
| Receipts from Current Taxes | A-7 | 14,199,517.76 | 13,335,143.27 |
| Non-Budget Revenues | A-2 | 57,296.68 | 28,134.49 |
| Other Credits to Income: | | | |
| Unexpended Balance of Approp. | | | |
| Reserves | A-11 | 164,279.75 | 324,244.41 |
| Encumbrances Cancelled | | | 24,500.00 |
| | | | |
| Total Revenues | | <u>20,125,703.64</u> | <u>19,304,835.72</u> |
| | | | |
| <u>EXPENDITURES</u> | | | |
| Budget Appropriations: | A-3 | 13,173,494.44 | 12,283,820.52 |
| County Taxes | A-13 | 2,054,286.24 | 1,881,077.51 |
| School Tax | A-13 | 4,473,434.00 | 4,319,925.00 |
| Refund Prior Year Revenue | | | 12,705.07 |
| Interfund Loans Advanced (Net) | A-1 | <u>847.72</u> | <u>3,912.19</u> |
| | | | |
| Total Expenditures | | <u>19,702,062.40</u> | <u>18,501,440.29</u> |
| | | | |
| Excess in Revenues | | 423,641.24 | 803,395.43 |
| | | | |
| Add: Expenditures Included Above | | | |
| Which are by Statute Deferred | | | |
| Charges to Succeeding Years | A-9 | | |
| | | | |
| Statutory Excess to Fund Balance | | 423,641.24 | 803,395.43 |
| | | | |
| <u>FUND BALANCE</u> | | | |
| Balance - July 1 | A | <u>1,014,226.60</u> | <u>985,831.17</u> |
| | | | |
| | | 1,437,867.84 | 1,789,226.60 |
| | | | |
| Decreased by: | | | |
| Utilized as Anticipated Revenue | A-1,A-2 | <u>850,000.00</u> | <u>775,000.00</u> |
| | | | |
| Balance - June 30 | A | <u>\$ 587,867.84</u> | <u>\$ 1,014,226.60</u> |

Note: See Notes to Financial Statements.

BOROUGH OF KEANSBURG
MONMOUTH COUNTY, NEW JERSEY

STATEMENT OF REVENUES - CURRENT FUND
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2008

| | REF. | 2008 BUDGET | ADDED PER NJSA 40A:4-87 | REALIZED | EXCESS OR (DEFICIT) |
|---|---------------|------------------|----------------------------|------------------|------------------------|
| Surplus Anticipated | A-1, A-2 | \$ 850,000.00 | \$ | \$ 850,000.00 | \$ |
| Miscellaneous Revenues: | | | | | |
| Licenses: | | | | | |
| Alcoholic Beverages | A-4 | 14,655.00 | | 14,817.00 | 162.00 |
| Other | A-4 | 27,000.00 | | 31,428.30 | 4,428.30 |
| Fees and Permits | A-4 | 295,000.00 | | 302,265.38 | 7,265.38 |
| Fines and Costs: | | | | | |
| Municipal Court | A-4 | 572,500.00 | | 553,403.19 | (19,096.81) |
| Interest and Costs on Taxes | A-4 | 49,000.00 | | 52,879.40 | 3,879.40 |
| Parking Meters | A-4 | 168,500.00 | | 176,526.67 | 8,026.67 |
| Interest on Investments and Deposits | A-4 | 123,023.30 | | 78,668.20 | (44,355.10) |
| Anticipated Water Sewer Operating Surplus | A-4 | 150,000.00 | | 150,000.00 | |
| Payment in Lieu of Taxes | | | | | |
| Keansburg Housing Authority | A-4 | 7,036.00 | | 1,198.00 | (5,838.00) |
| Grandview Apts. Monmouth County Fair | | | | | |
| Housing Council Agreement | A-4 | 90,000.00 | | 90,000.00 | |
| Rental of Borough Property | A-4 | 82,000.00 | | 46,666.76 | (35,333.24) |
| Omni Tower Rental | A-4 | 24,000.00 | | 94,702.73 | 70,702.73 |
| Legislative Initiative Municipal Block Grant Program | A-4 | 48,434.00 | | 48,434.00 | |
| Extraordinary Aid (N.J.S.A. 52:27D-118.35) | A-4 | 300,000.00 | | 300,000.00 | |
| Consolidated Municipal Property Tax Relief Aid | A-4 | 1,719,201.00 | | 1,719,201.00 | |
| Energy Receipts Tax (P.L. 1997, Chapters 162 & 167) | A-4 | 482,871.00 | | 487,871.00 | 5,000.00 |
| Supplemental Energy Receipts Tax | A-4 | 20,953.00 | | 22,029.00 | 1,076.00 |
| Municipal Homeland Security Assistance Aid | A-4 | 70,000.00 | | 70,000.00 | |
| Municipal Property Tax Assistance | A-4 | 44,626.00 | | 44,626.00 | |
| Uniform Construction Code Fees | A-4 | 125,500.00 | | 142,088.25 | 16,588.25 |
| Private and Public Revenues Offset with Appropriations: | | | | | |
| Drunk Driving Enforcement Fund | A-10 | 4,512.33 | | 4,512.33 | |
| Municipal Alliance on Alcoholism and Drug Abuse | A-10 | 43,082.00 | | 43,082.00 | |
| Clean Communities Program | A-10 | 11,568.40 | | 11,568.40 | |
| SRO Interlocal Agreement - Local | A-4 | 175,000.00 | | 175,000.00 | |
| Safe & Secure Grant | A-10 | | 58,019.00 | 58,019.00 | |
| Recreational Trails Program | A-10 | 2,001.81 | | 2,001.81 | |
| DDEf Over the Limit and Under Arrest | A-10 | 5,000.00 | | 5,000.00 | |
| Other Special Items: | | | | | |
| Uniform Fire Safety Act | A-4 | 5,000.00 | | 7,625.80 | 2,625.80 |
| Cable TV Fees | A-4 | 24,000.00 | | 25,475.00 | 1,475.00 |
| General Capital Fund Balance | A-4 | 74,300.00 | | 74,300.00 | |
| Reserve for Police Off Duty Admin Fees | A-4 | 1,666.67 | | | (1,666.67) |
| Church Street Corporation PILOT McGrath Towers | A-4 | 6,000.00 | | 7,587.00 | 1,587.00 |
| Church Street Corporation PILOT Fallon Manor | A-4 | 4,563.00 | | 4,819.00 | 256.00 |
| Reserve for Library Fees | A-4 | 1,500.00 | | | (1,500.00) |
| Total Miscellaneous Revenues | A-1, A-4 | 4,772,493.51 | 58,019.00 | 4,845,795.22 | 15,282.71 |
| Receipts from Delinquent Taxes | A-1, A-7 | 2,000.00 | | 8,814.23 | 6,814.23 |
| Amount to be Raised by Taxes for Support of Municipal Budget: | | | | | |
| Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes | A-7 | 7,660,515.03 | | 7,806,797.52 | 146,282.49 |
| Budget Totals | | 13,285,008.54 | 58,019.00 | 13,511,406.97 | \$ 168,379.43 |
| Non-Budget Revenues | A-1, A-4, A-8 | | | 57,296.68 | |
| | | \$ 13,285,008.54 | 58,019.00 | \$ 13,568,703.65 | |
| | Ref. | A-3 | | A-1 | |

Note: See Notes to Financial Statements.

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2008

| | 2008 BUDGET | BUDGET AFTER MODIFICATION | PAID OR CHARGED | EXPENDED | RESERVED | UNEXPENDED BALANCE CANCELLED |
|------------------------------------|-------------------|------------------------------|--------------------|------------------|------------------|------------------------------------|
| | | | | ENCUMBERED | | |
| Operations Within "CAPS" | | | | | | |
| GENERAL GOVERNMENT: | | | | | | |
| Borough Council: | | | | | | |
| Salaries and Wages | \$ 9,500.00 | \$ 9,500.00 | \$ 9,000.00 | \$ | \$ 500.00 | \$ |
| Other Expenses | 5,000.00 | 3,200.00 | 2,542.00 | 639.00 | 19.00 | |
| Office of Borough Manager | | | | | | |
| Salaries and Wages | 174,930.00 | 160,530.00 | 160,517.56 | | 12.44 | |
| Other Expenses | 17,700.00 | 9,700.00 | 8,054.81 | 1,287.15 | 358.04 | |
| Office of the Borough Clerk | | | | | | |
| Salaries and Wages | 111,573.00 | 125,673.00 | 125,653.55 | | 19.45 | |
| Other Expenses | 17,900.00 | 16,350.00 | 7,674.18 | 3,937.90 | 4,737.92 | |
| Legal Services and Costs | | | | | | |
| Salaries and Wages | 120,000.00 | 120,000.00 | 82,146.46 | 2,145.00 | 35,708.54 | |
| Other Expenses | | | | | | |
| Elections | 10,000.00 | 10,000.00 | 5,754.28 | 4,245.25 | 0.47 | |
| Other Expenses | | | | | | |
| Total General Government | 466,603.00 | 454,953.00 | 401,342.84 | 12,254.30 | 41,355.86 | |
| Salaries and Wages | 296,003.00 | 295,703.00 | 295,171.11 | | 531.89 | |
| Other Expenses | 170,600.00 | 159,250.00 | 106,171.73 | 12,254.30 | 40,823.97 | |
| Department of Finance | | | | | | |
| Office of Director of Finance | | | | | | |
| Salaries and Wages | 175,500.00 | 175,100.00 | 175,011.51 | | 88.49 | |
| Other Expenses | 18,900.00 | 18,900.00 | 17,417.52 | 1,290.00 | 192.48 | |
| Other Expenses Annual Audit | 44,000.00 | 44,000.00 | 3,000.00 | 41,000.00 | | |
| Division of Tax Collector | | | | | | |
| Salaries and Wages | 64,065.00 | 62,565.00 | 62,402.53 | 892.00 | 162.47 | |
| Other Expenses | 15,900.00 | 11,900.00 | 6,565.44 | | 4,442.56 | |
| Revaluation Program | | | | | | |
| Other Expenses | | | | | | |
| Division of Assessment | | | | | | |
| Salaries and Wages | 56,775.00 | 52,575.00 | 52,503.56 | | 71.44 | |
| Other Expenses | 7,100.00 | 3,600.00 | 2,271.92 | 275.00 | 1,053.08 | |
| Total Department of Finance | 382,240.00 | 368,640.00 | 319,172.48 | 43,437.00 | 6,010.52 | |
| Salaries and Wages | 306,855.00 | 290,240.00 | 289,917.60 | | 322.40 | |
| Other Expenses | 75,385.00 | 78,400.00 | 29,254.88 | 43,437.00 | 5,688.12 | |

BOROUGH OF KEANSBURG
MONMOUTH COUNTY, NEW JERSEY

Exhibit - A-3

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2008

| | 2008 BUDGET | BUDGET AFTER MODIFICATION | PAID OR CHARGED | EXPENDED ENCUMBERED | RESERVED | UNEXPENDED BALANCE CANCELLED |
|---|----------------|------------------------------|--------------------|------------------------|-----------|------------------------------------|
| Department of Public Safety | | | | | | |
| Division of Police Bureau of Traffic and Patrol | | | | | | |
| Police Salaries and Wages | 3,365,610.00 | 3,365,610.00 | 3,350,360.97 | | 15,249.03 | |
| Dispatcher Salaries and Wages | 116,714.00 | 129,714.00 | 129,714.00 | | | |
| Other Expenses: Police | 97,600.00 | 97,600.00 | 77,238.13 | 19,784.97 | 576.90 | |
| Other Expenses: Dispatchers | | | | | | |
| Detective Bureau | | | | | | |
| Other Expenses | 7,800.00 | 7,800.00 | 2,494.69 | 4,304.62 | 1,000.69 | |
| Bureau of Street Crossing Guards | | | | | | |
| Salaries and Wages | 40,000.00 | 42,500.00 | 40,317.78 | | 2,182.22 | |
| Other Expenses | 750.00 | 750.00 | 307.75 | | 442.25 | |
| SRO Interlocal | | | | | | |
| Salaries and Wages | 175,000.00 | 175,000.00 | 170,216.84 | | 4,783.16 | |
| Total Department of Public Safety | 3,803,474.00 | 3,818,974.00 | 3,770,650.16 | 24,089.59 | 24,234.25 | |
| Salaries and Wages | 3,522,324.00 | 3,537,824.00 | 3,520,392.75 | | 17,431.25 | |
| Other Expenses | 281,150.00 | 281,150.00 | 250,257.41 | 24,089.59 | 6,803.00 | |
| Division of Fire | | | | | | |
| Emergency Medical Services | | | | | | |
| Other Expenses | 40,000.00 | 40,000.00 | 34,851.47 | 4,941.87 | 206.66 | |
| Fire Department | | | | | | |
| Other Expenses | 150,000.00 | 155,000.00 | 145,667.40 | 8,957.26 | 375.34 | |
| Total Division of Fire | 190,000.00 | 195,000.00 | 180,518.87 | 13,899.13 | 582.00 | |
| Other Expenses | 190,000.00 | 195,000.00 | 180,518.87 | 13,899.13 | 582.00 | |
| Uniform Construction Code | | | | | | |
| Code Enforcement | | | | | | |
| Salaries and Wages | 301,274.00 | 311,274.00 | 301,174.84 | | 10,099.16 | |
| Other Expenses | 10,250.00 | 4,250.00 | 3,661.44 | | 588.56 | |
| Uniform Safety Act | | | | | | |
| Salaries and Wages | 29,000.00 | 29,000.00 | 26,306.57 | | 2,693.43 | |
| Other Expenses | 10,200.00 | 10,200.00 | 3,627.44 | 4,124.16 | 2,448.40 | |
| Total Uniform Construction Code | 350,724.00 | 354,724.00 | 334,770.29 | 4,124.16 | 15,829.55 | |
| Salaries and Wages | 330,274.00 | 340,274.00 | 327,481.41 | | 12,792.59 | |
| Other Expenses | 20,450.00 | 14,450.00 | 7,288.88 | 4,124.16 | 3,036.96 | |

BOROUGH OF KEANSBURG
MONMOUTH COUNTY, NEW JERSEY

Exhibit - A-3

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2008

| | 2008 BUDGET | BUDGET AFTER MODIFICATION | PAID OR CHARGED | EXPENDED ENCUMBERED | RESERVED | UNEXPENDED BALANCE CANCELLED |
|---|---------------------|------------------------------|---------------------|------------------------|------------------|------------------------------------|
| Department of Engineering and Public Works | | | | | | |
| Division of Engineering | | | | | | |
| Salaries and Wages | 45,000.00 | 53,300.00 | 47,438.51 | 756.00 | 5,105.49 | |
| Other Expenses | | | | | | |
| Division of Streets and Roads | | | | | | |
| Salaries and Wages | 591,805.00 | 583,005.00 | 582,959.10 | | 45.90 | |
| Other Expenses | 100,695.00 | 112,195.00 | 92,111.69 | 11,753.05 | 8,330.26 | |
| Division of Snow Removal | | | | | | |
| Salaries and Wages | 10,000.00 | 6,200.00 | 6,146.75 | | 53.25 | |
| Other Expenses | 20,000.00 | 7,500.00 | 7,362.61 | | 137.39 | |
| Division of Parking Meter Maintenance | | | | | | |
| Salaries and Wages | 16,000.00 | 10,400.00 | 10,307.15 | | 92.85 | |
| Other Expenses | 3,900.00 | 3,900.00 | (1,045.12) | 469.75 | 4,475.37 | |
| Division of Building and Grounds | | | | | | |
| Salaries and Wages | 75,000.00 | 64,000.00 | 48,816.90 | 11,525.82 | 3,657.28 | |
| Other Expenses | | | | | | |
| Municipal Garbage | 98,398.00 | 98,398.00 | 98,344.31 | | 53.69 | |
| Salaries and Wages | 77,000.00 | 83,000.00 | 71,335.17 | 7,697.99 | 3,966.84 | |
| Other Expenses | | | | | | |
| Sanitation | | | | | | |
| Contract | 564,000.00 | 564,000.00 | 510,845.81 | 49,453.49 | 3,700.70 | |
| Landfill Solid Waste Disposal Fees | 462,500.00 | 462,500.00 | 389,598.15 | 46,482.51 | 26,419.34 | |
| Total Engineering and Public Works | 2,064,298.00 | 2,048,398.00 | 1,864,221.03 | 128,138.61 | 56,038.36 | |
| Salaries and Wages | 716,203.00 | 698,003.00 | 697,757.31 | | 245.69 | |
| Other Expenses | 1,348,095.00 | 1,350,395.00 | 1,166,463.72 | 128,138.61 | 55,792.67 | |
| Department of Health and Welfare | | | | | | |
| Division of Health | | | | | | |
| Salaries and Wages | 6,750.00 | 6,750.00 | 6,043.02 | | 706.98 | |
| Other Expenses | 95,000.00 | 95,000.00 | 94,789.20 | 30.00 | 180.80 | |
| Dog Regulation | 20,000.00 | 20,000.00 | 17,679.06 | 2,101.68 | 219.26 | |
| Total Department of Health and Welfare | 121,750.00 | 121,750.00 | 118,511.28 | 2,131.68 | 1,107.04 | |
| Salaries and Wages | 6,750.00 | 6,750.00 | 6,043.02 | | 706.98 | |
| Other Expenses | 115,000.00 | 115,000.00 | 112,468.26 | 2,131.68 | 400.06 | |

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2008

| | 2008 BUDGET | BUDGET AFTER MODIFICATION | PAID OR CHARGED | EXPENDED ENCUMBERED | RESERVED | UNEXPENDED BALANCE CANCELLED |
|---|---------------------|------------------------------|---------------------|------------------------|------------------|------------------------------------|
| Department of Recreation Parks and Playgrounds | | | | | | |
| Division of Recreation Parks and Playgrounds | | | | | | |
| Salaries and Wages | 15,600.00 | 16,550.00 | 16,522.12 | | 27.88 | |
| Other Expenses | 30,100.00 | 30,100.00 | 16,519.66 | 13,391.71 | 188.63 | |
| Celebration of Public Events | | | | | | |
| Other Expenses | 12,500.00 | 8,500.00 | 8,137.99 | 100.00 | 262.01 | |
| Historical Society | | | | | | |
| Other Expenses | 4,000.00 | 4,000.00 | 2,719.00 | | 1,281.00 | |
| Total Department of Recreation Parks and Playgrounds | 62,200.00 | 59,150.00 | 43,898.77 | 13,491.71 | 1,759.52 | |
| Salaries and Wages | 15,600.00 | 16,550.00 | 16,522.12 | | 27.88 | |
| Other Expenses | 46,600.00 | 42,600.00 | 27,376.65 | 13,491.71 | 1,731.64 | |
| Municipal Prosecutor | | | | | | |
| Salaries and Wages | 30,000.00 | 30,100.00 | 30,000.10 | | 99.90 | |
| Total Municipal Prosecutor | 30,000.00 | 30,100.00 | 30,000.10 | | 99.90 | |
| Salaries and Wages | 30,000.00 | 30,100.00 | 30,000.10 | | 99.90 | |
| Other Municipal Operations: | | | | | | |
| Municipal Land Use Law (N.J.S.A. 40:55D-1) | | | | | | |
| Planning Board of Adjustment | | | | | | |
| Salaries and Wages | 29,100.00 | 29,100.00 | 5,753.84 | | 23,346.16 | |
| Other Expenses | 14,400.00 | 14,400.00 | 12,411.62 | 1,859.00 | 129.38 | |
| Emergency Management Services | | | | | | |
| Salaries and Wages | 7,000.00 | 6,000.00 | 5,999.49 | | 0.51 | |
| Other Expenses | 500.00 | 500.00 | | | 500.00 | |
| Total Other Municipal Operations | 51,000.00 | 50,000.00 | 24,164.95 | 1,859.00 | 23,976.05 | |
| Salaries and Wages | 36,100.00 | 35,100.00 | 11,753.33 | | 23,346.67 | |
| Other Expenses | 14,900.00 | 14,900.00 | 12,411.62 | 1,859.00 | 629.38 | |
| Insurances: N.J.S.A 40A:4-45.3(00) | | | | | | |
| Group Insurance Plan or Employees | 1,669,120.00 | 1,714,120.00 | 1,714,000.00 | 120.00 | | |
| Worker's Compensation | 362,500.00 | 352,500.00 | 352,500.00 | | | |
| Other Insurance - Liability Insurance | 250,006.00 | 196,006.00 | 142,862.84 | 808.49 | 52,334.67 | |
| Other Employees Insurances - Group | 22,208.00 | 22,208.00 | 14,372.48 | | 7,835.52 | |
| Total Insurances | 2,303,834.00 | 2,284,834.00 | 2,223,735.32 | 928.49 | 60,170.19 | |

BOROUGH OF KEANSBURG
MONMOUTH COUNTY, NEW JERSEY

Exhibit - A-3

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2008

| | 2008 BUDGET | BUDGET AFTER MODIFICATION | PAID OR CHARGED | EXPENDED ENCUMBERED | RESERVED | UNEXPENDED BALANCE CANCELLED |
|---|----------------|------------------------------|--------------------|------------------------|----------|------------------------------------|
| Senior Citizens | | | | | | |
| Senior Center | | | | | | |
| Other Expenses | 2,000.00 | 2,000.00 | | 1,775.00 | 225.00 | |
| Transportation of Senior Citizens | | | | | | |
| Other Expenses | 6,000.00 | 7,000.00 | 5,773.64 | 850.00 | 376.36 | |
| Total Senior Citizens | 8,000.00 | 9,000.00 | 5,773.64 | 2,625.00 | 601.36 | |
| Other Expenses | 8,000.00 | 9,000.00 | 5,773.64 | 2,625.00 | 601.36 | |
| Municipal Court | | | | | | |
| Salaries and Wages | 178,665.00 | 176,765.00 | 176,718.91 | | 46.09 | |
| Other Expenses | 12,000.00 | 27,000.00 | 23,786.50 | 2,388.00 | 825.50 | |
| Total Municipal Court | 190,665.00 | 203,765.00 | 200,505.41 | 2,388.00 | 871.59 | |
| Salaries and Wages | 178,665.00 | 176,765.00 | 176,718.91 | | 46.09 | |
| Other Expenses | 12,000.00 | 27,000.00 | 23,786.50 | 2,388.00 | 825.50 | |
| Municipal Library | | | | | | |
| Salaries and Wages | 56,325.00 | 59,325.00 | 59,068.92 | | 256.08 | |
| Other Expenses | 10,000.00 | 10,000.00 | 8,542.50 | 1,456.78 | 0.72 | |
| Total Municipal Library | 66,325.00 | 69,325.00 | 67,611.42 | 1,456.78 | 256.80 | |
| Salaries and Wages | 56,325.00 | 59,325.00 | 59,068.92 | | 256.08 | |
| Other Expenses | 10,000.00 | 10,000.00 | 8,542.50 | 1,456.78 | 0.72 | |
| P.E.O.S.H.A. | | | | | | |
| Board of Health | | | | | | |
| Other Expenses | 4,000.00 | 4,000.00 | 108.00 | 836.00 | 3,056.00 | |
| Total P.E.O.S.H.A. | 4,000.00 | 4,000.00 | 108.00 | 836.00 | 3,056.00 | |
| Other Expenses | 4,000.00 | 4,000.00 | 108.00 | 836.00 | 3,056.00 | |
| Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17) | | | | | | |
| State Uniform Construction Code Officials | | | | | | |
| Salaries and Wages | 100,265.00 | 100,265.00 | 100,265.00 | | | |
| Other Expenses | 12,750.00 | 4,750.00 | 3,174.85 | 81.10 | 1,494.05 | |
| Total State Uniform Construction Code Officials | 113,015.00 | 105,015.00 | 103,439.85 | 81.10 | 1,494.05 | |
| Salaries and Wages | 100,265.00 | 100,265.00 | 100,265.00 | | | |
| Other Expenses | 12,750.00 | 4,750.00 | 3,174.85 | 81.10 | 1,494.05 | |

BOROUGH OF KEANSBURG
MONMOUTH COUNTY, NEW JERSEY

Exhibit - A-3

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2008

| | 2008 BUDGET | BUDGET AFTER MODIFICATION | PAID OR CHARGED | EXPENDED ENCUMBERED | RESERVED | UNEXPENDED BALANCE CANCELLED |
|--|----------------------|------------------------------|----------------------|------------------------|-------------------|------------------------------------|
| UNCLASSIFIED: | | | | | | |
| Alliance Grant-Salaries and Wages | 4,000.00 | 2,000.00 | | | 2,000.00 | |
| Alliance Grant-Other Expenses | 5,500.00 | 7,500.00 | 5,721.16 | 721.10 | 1,057.74 | |
| Salary & Wage Adjustments | 500.00 | 500.00 | | | 500.00 | |
| Utilities | | | | | | |
| Electric | 80,000.00 | 85,000.00 | 78,869.76 | 6,130.24 | 0.00 | |
| Street Lighting | 116,500.00 | 116,500.00 | 114,309.45 | 1,491.42 | 699.13 | |
| Telephone | 59,000.00 | 64,000.00 | 58,999.50 | | 5,000.50 | |
| Natural Gas | 29,125.00 | 29,125.00 | 24,111.68 | | 5,013.32 | |
| Water and Sewer | | | | | | |
| Telecommunications Costs | 9,000.00 | 9,000.00 | 8,506.81 | | 493.19 | |
| Gasoline & Fuel Oil | 121,154.00 | 131,154.00 | 120,976.43 | | 10,177.57 | |
| Total Unclassified | 424,779.00 | 444,779.00 | 411,494.79 | 8,342.76 | 24,941.45 | |
| Total Operations within "CAPS" | 10,632,907.00 | 10,622,407.00 | 10,099,919.20 | 260,103.31 | 262,384.49 | |
| Contingent | | | | | | |
| Total Operations Including Contingent within "CAPS" | 10,632,907.00 | 10,622,407.00 | 10,099,919.20 | 260,103.31 | 262,384.49 | |
| DETAIL: | | | | | | |
| Salaries and Wages | 5,599,364.00 | 5,588,899.00 | 5,531,091.58 | | 57,807.42 | |
| Other Expenses (Including Contingent) | 5,033,543.00 | 5,033,508.00 | 4,568,827.62 | 260,103.31 | 204,577.07 | |
| Deferred Charges and Statutory Expenditures - Municipal within "CAPS" | | | | | | |
| DEFERRED CHARGES | | | | | | |
| Emergency Authorizations | | | | | | |
| Overexpenditure of Appropriations | | | | | | |
| STATUTORY EXPENDITURES: | | | | | | |
| Social Security System (O.A.S.I.) | 215,500.00 | 226,000.00 | 226,000.00 | | | |
| Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.) | | | | | | |
| Public Employees' Retirement System | | | | | | |
| Consolidated Police and Firemen's Pension Fund | | | | | | |
| Police and Firemen's Retirement System of N.J. | | | | | | |
| Total Deferred Charges and Statutory Expenditures - Municipal within "CAPS" | 215,500.00 | 226,000.00 | 226,000.00 | | | |
| Total General Appropriations for Municipal Purposes within "CAPS" | 10,848,407.00 | 10,848,407.00 | 10,325,919.20 | 260,103.31 | 262,384.49 | |
| Operations - Excluded from "CAPS" | | | | | | |

BOROUGH OF KEANSBURG
MONMOUTH COUNTY, NEW JERSEY

Exhibit - A-3

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2008

| | 2008 BUDGET | BUDGET AFTER MODIFICATION | PAID OR CHARGED | EXPENDED ENCUMBERED | RESERVED | UNEXPENDED BALANCE CANCELLED |
|---|-------------------|------------------------------|--------------------|------------------------|------------------|------------------------------------|
| Police | | | | | | |
| Other Expenses | 20,000.00 | 20,000.00 | 9,591.36 | | 10,408.64 | |
| Insurances; N.J.S.A. 40A:4-45.3(00) | | | | | | |
| Group Insurance Plan for Employees | | | | | | |
| Worker's Compensation | 46,643.00 | 46,643.00 | 46,018.00 | | 625.00 | |
| Other Insurance - Liability Insurance | | | | | | |
| Other Employees Insurances Group | | | | | | |
| Statutory Expenditures | | | | | | |
| Contribution To: | | | | | | |
| PERS | 135,889.00 | 135,889.00 | 135,859.34 | | 29.66 | |
| PFRS | 510,836.00 | 510,836.00 | 510,836.00 | | | |
| Total Other Operations - Excluded from "CAPS" | 713,368.00 | 713,368.00 | 702,304.70 | | 11,063.30 | |
| Public and Private Programs Offset by Revenues | | | | | | |
| SRO Interlocal Agreement | | | | | | |
| SRO Interlocal Agreement - Local Match | | | | | | |
| Drunk Driving Enforcement | | | | | | |
| County of Monmouth: | | | | | | |
| Alliance Grant | 4,512.33 | 4,512.33 | 4,512.33 | | | |
| Borough Match | | | | | | |
| Matching Funds for Grants | 43,082.00 | 43,082.00 | 43,082.00 | | | |
| Clem Communities Program | 10,771.00 | 10,771.00 | 10,771.00 | | | |
| Over the Limit and Under Arrest | 2,500.00 | 2,500.00 | | | 2,500.00 | |
| Body Armor Fund | 11,568.40 | 11,568.40 | 11,568.40 | | | |
| Recreational Trails | 5,000.00 | 5,000.00 | 5,000.00 | | | |
| Cpt. 159 - Safe & Secure - S&W | 2,001.81 | 2,001.81 | 2,001.81 | | | |
| | | 58,019.00 | 58,019.00 | | | |
| Total Public and Private Programs Offset by Revenues | 79,435.54 | 137,454.54 | 134,954.54 | | 2,500.00 | |
| Total Operations - Excluded from "CAPS" | 792,803.54 | 850,822.54 | 837,259.24 | | 13,563.30 | |
| Detail: | | | | | | |
| Salaries & Wages | | | | | | |
| Other Expenses | | | | | | |
| Down Payments on Improvements | | | | | | |
| Capital Improvement Fund | | | | | | |
| Purchase of Public Works Equipment | 70,000.00 | 70,000.00 | 70,000.00 | | | |
| Purchase of Portable Stage | | | | | | |
| Total Capital Improvements Excluded from "CAPS" | 70,000.00 | 70,000.00 | 70,000.00 | | | |

**BOROUGH OF KEANSBURG
MONMOUTH COUNTY, NEW JERSEY**

Exhibit - A-3

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2008**

| | 2008 BUDGET | BUDGET AFTER MODIFICATION | PAID OR CHARGED | EXPENDED ENCUMBERED | RESERVED | UNEXPENDED BALANCE CANCELLED |
|---|-------------------------|------------------------------|-------------------------|------------------------|----------------------|------------------------------------|
| Municipal Debt Service - Excluded from "CAPS" | | | | | | |
| Payment of Bond Principal | 405,000.00 | 405,000.00 | 405,000.00 | | | 56.00 |
| Payment of Bond Anticipation Notes | 3,500.00 | 3,500.00 | 3,444.00 | | | 0.25 |
| Interest on Bonds | 164,469.00 | 164,469.00 | 164,468.75 | | | 832.07 |
| Interest on Notes | 57,000.00 | 57,000.00 | 56,167.93 | | | 48.39 |
| Principal | 57,250.00 | 57,250.00 | 57,201.61 | | | 20.11 |
| Interest on special emergency notes | 9,250.00 | 9,250.00 | 9,229.89 | | | 24,090.06 |
| Capital Lease Program | 404,200.00 | 404,200.00 | 380,109.94 | | | 5,717.22 |
| Environmental Infrastructure Trust Loan | 209,600.00 | 209,600.00 | 203,882.78 | | | 1,269.00 |
| Demolition Bond | 8,029.00 | 8,029.00 | 6,760.00 | | | 32,033.10 |
| Total Municipal Debt Service Excluded from "CAPS" | 1,318,298.00 | 1,318,298.00 | 1,286,264.90 | | | |
| Deferred Charges - Municipal - Excluded from "CAPS" | | | | | | |
| Deferred Charges: | | | | | | |
| Emergency Authorizations | 58,000.00 | 58,000.00 | 58,000.00 | | | |
| Special Emergency Authorizations - 5 years | | | | | | |
| Special Emergency Authorizations - 3 years | | | | | | |
| Judgements | 62,500.00 | 62,500.00 | 60,000.00 | | | 2,500.00 |
| Total Deferred Charges - Municipal - Excluded from "CAPS" | 120,500.00 | 120,500.00 | 118,000.00 | | | 2,500.00 |
| Total General Appropriations for Municipal Purposes Excluded from "CAPS" | 2,301,601.54 | 2,359,620.54 | 2,311,524.14 | | 13,563.30 | 34,533.10 |
| Subtotal General Appropriations | 13,150,008.54 | 13,208,027.54 | 12,637,443.34 | 260,103.31 | 275,947.79 | 34,533.10 |
| Reserve for Uncollected Taxes | 135,000.00 | 135,000.00 | 135,000.00 | | | |
| Total General Appropriations | \$ 13,285,008.54 | \$ 13,343,027.54 | \$ 12,772,443.34 | \$ 260,103.31 | \$ 275,947.79 | \$ 34,533.10 |
| Ref. | A-2 | | A-1 | A, A-1 | A, A-1 | |
| Adopted Budget | A-2 | | | | | |
| Added by N.J.S.A. 40A:4-87 | A-2 | 13,285,008.54 | | | | |
| Emergency Approp. (N.J.S.A. 40A:4-49) | | 58,019.00 | | | | |
| | | <u>13,343,027.54</u> | | | | |
| Disbursed | A-4 | | | | | |
| Deferred Charges - Special Emergency Authorization | A-9 | | 12,451,675.67 | | | |
| Reserve for Uncollected Taxes | A-7 | | 58,000.00 | | | |
| Accounts Payable | A-14 | | 135,000.00 | | | |
| Slate and Federal Grants Approp. | A-10 | | 3,584.13 | | | |
| | | | <u>124,183.54</u> | | | |
| | | | <u>12,772,443.34</u> | | | |

Note: See Notes to Financial Statements.

BOROUGH OF KEANSBURG
MONMOUTH COUNTY, NEW JERSEY

TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
JUNE 30, 2008 AND 2007

| <u>ASSETS</u> | | <u>June 30, 2008</u> | <u>June 30, 2007</u> |
|--|------------|----------------------|----------------------|
| | <u>Ref</u> | | |
| Animal Control Fund | | | |
| Cash..... | B-1 | \$ 9,582.47 | \$ 7,253.71 |
| Change Fund..... | B-1 | 50.00 | 50.00 |
| Due from Health Dept. | B-3 | | 19.60 |
| Total Animal Control Fund | | <u>9,632.47</u> | <u>7,323.31</u> |
| Other Trust Fund | | | |
| Cash..... | B-1 | 434,039.24 | 565,909.64 |
| Accounts Receivable | B | 2,341.00 | 2,118.13 |
| Total Other Trust Fund | | <u>\$ 436,380.24</u> | <u>\$ 568,027.77</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Animal Control Fund | | | |
| Due to State of New Jersey..... | B-2 | \$ 33.00 | \$ 25.80 |
| Due to Current Fund..... | B-3 | 3,169.03 | 2,321.31 |
| Reserve for Encumbrances..... | B-3 | 4,203.36 | |
| Reserve for Animal License Expenditures... | B-3 | 2,227.08 | 4,976.20 |
| Total Animal Control Fund | | <u>9,632.47</u> | <u>7,323.31</u> |
| Other Trust Fund | | | |
| Due to Current Fund..... | B-4 | 4,466.81 | 4,466.71 |
| Reserve for Encumbrances..... | B-4 | | 6,437.19 |
| Reserve for Various Trust Activities..... | B-4 | 431,913.43 | 557,123.87 |
| Total Other Trust Fund | | <u>\$ 436,380.24</u> | <u>\$ 568,027.77</u> |

Note: See Notes to Financial Statements.

BOROUGH OF KEANSBURG
MONMOUTH COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
 COMPARATIVE BALANCE SHEET - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2008 AND 2007

| <u>ASSETS</u> | <u>REF.</u> | <u>BALANCE</u> <u>JUNE 30, 2008</u> | <u>BALANCE</u> <u>JUNE 30, 2007</u> |
|---|-------------|--|--|
| Cash and Investments - Treasurer | C-2 | \$ 405,628.94 | \$ 439,011.24 |
| State, Federal Local Grants Receivable | C-4 | 878,556.20 | 1,140,950.77 |
| Deferred Charges to Future Taxation: | | | |
| Funded | C-5 | 6,224,417.66 | 6,826,055.92 |
| Funded - Leases | C-5 | 1,582,200.00 | 1,903,500.00 |
| Unfunded | C-6 | 4,051,145.00 | 3,313,407.00 |
| Due from Current Fund | C-7 | 724,839.67 | 255,715.43 |
| | | <u>\$ 13,866,787.47</u> | <u>\$ 13,878,640.36</u> |
| <u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u> | | | |
| Serial Bonds | C-9 | \$ 3,362,000.00 | \$ 3,767,000.00 |
| Bond Anticipation Notes | C-10 | 2,924,608.00 | 2,199,827.00 |
| Leases Payable | C-14 | 1,582,200.00 | 1,903,500.00 |
| Environmental Infrastructure Trust Loan | C-11 | 2,283,530.58 | 2,428,079.95 |
| Green Acres Loan | C-12 | 546,387.08 | 591,975.97 |
| Demolition Loan | C-13 | 32,500.00 | 39,000.00 |
| Accounts Payable | C-8 | 31,915.62 | - |
| Reserve for Encumbrances | C-8 | 177,100.44 | 187,356.79 |
| Due Water and Sewer Utility Capital Fund | C-7 | 112,417.98 | 112,417.98 |
| Improvement Authorizations: | | | |
| Funded | C-8 | 454,457.97 | 971,674.17 |
| Unfunded | C-8 | 1,726,090.46 | 1,547,633.12 |
| Reserve for: | | | |
| Capital Improvement Fund | C-15 | 46,256.67 | 13,518.67 |
| RCA Interest Income | C-16 | 28,571.75 | 22,849.30 |
| Premium on Note Sale | C-17 | 6,743.51 | |
| Capital Improvements - Sale of Assets | C-18 | 532,500.00 | |
| Fund Balance | C-1 | 19,507.41 | 93,807.41 |
| | | <u>\$ 13,866,787.47</u> | <u>\$ 13,878,640.36</u> |
| Authorized But Not Issued | C-19 | <u>\$ 1,225,146.00</u> | <u>\$ 1,215,633.00</u> |

Note: See Notes to Financial Statements.

BOROUGH OF KEANSBURG
MONMOUTH COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
 STATEMENT OF FUND BALANCE- REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2008

| | <u>REF.</u> | | |
|-------------------------|-------------|------------------|-------------------------|
| Balance - June 30, 2007 | C | \$ | 93,807.41 |
| Decreased by: | | | |
| Appropriated in Current | | | |
| Fund Budget | C-7 | <u>74,300.00</u> | <u>74,300.00</u> |
| Balance - June 30, 2008 | C | \$ | <u><u>19,507.41</u></u> |

Note: See Notes to Financial Statements.

**BOROUGH OF KEANSBURG
MONMOUTH COUNTY, NEW JERSEY**

**WATER AND SEWER UTILITY FUND
BALANCE SHEET - REGULATORY BASIS
JUNE 30, 2008 AND 2007**

| ASSETS | REF. | BALANCE JUNE 30, 2008 | BALANCE JUNE 30, 2007 | LIABILITIES, RESERVES AND FUND BALANCE | REF. | BALANCE JUNE 30, 2008 | BALANCE JUNE 30, 2007 |
|--|------|--------------------------|--------------------------|--|-----------|--------------------------|--------------------------|
| Operating Fund: | | | | | | | |
| Cash and Investments - Treasurer | D-6 | \$ 579,834.21 | \$ 903,086.51 | Operating Fund: | | | |
| Change Fund | D-7 | 250.00 | 250.00 | Liabilities: | | | |
| Due Water & Sewer Utility Capital Fund | D-10 | 391,227.54 | 283,122.27 | Approp. Reserves | D-4, D-14 | \$ 746,010.97 | \$ 544,229.33 |
| Due Current Fund | D-10 | 178,962.62 | 184,145.89 | Accounts Payable | D-15 | | 28,071.13 |
| Total Cash | | 1,150,274.37 | 1,370,604.67 | Water and Sewer Rent Overpayments | D-17 | 22,676.56 | 27,588.88 |
| | | | | Reserve for Encumbrances | D-4, D-14 | 80,937.60 | 124,759.14 |
| | | | | Accrued Interest on Bonds | D-18 | 54,891.62 | 54,313.54 |
| | | | | | | | |
| Receivables With Offsetting | | | | Total Liabilities | | 904,516.75 | 778,962.02 |
| Reserves: | | | | | | | |
| Water and Sewer Renis Receivable | D-8 | 94,481.93 | 110,333.26 | Reserve for Receivables | Reserve | 829,092.21 | 825,285.25 |
| Deposit with Baysshore Authority | D-9 | 734,610.28 | 714,951.99 | Fund Balance | D-1 | 248,339.38 | 591,642.65 |
| Total Receivables | | 829,092.21 | 825,285.25 | Total Operating Fund | | 1,981,948.34 | 2,195,889.92 |
| | | | | | | | |
| Deferred Charges: | | | | | | | |
| Overexpenditure of SFY 2008 Approp. | D-4 | 2,581.76 | - | Capital Fund: | | | |
| Total Deferred Charges | | 2,581.76 | - | Serial Bonds Payable | D-19 | 10,860,000.00 | 11,575,000.00 |
| | | | | N.J. Loan Payable | D-20 | | 2,366.50 |
| Total Operating Fund | | 1,981,948.34 | 2,195,889.92 | Bond Anticipation Notes Payable | D-16 | 248,000.00 | 203,000.00 |
| | | | | Accounts Payable | D-22 | 3,660.00 | 3,660.00 |
| Capital Fund: | | | | Due Water & Sewer Utility Oper. Fund | D-11 | 391,227.54 | 283,122.27 |
| Cash and Investments - Treasurer | D-5 | 252,942.12 | 363,976.42 | Improvement Authorizations | | | |
| Due from General Capital Fund | D-11 | 112,417.98 | 112,417.98 | Funded | D-21 | | 50,489.82 |
| Fixed Capital | D-12 | 24,072,950.83 | 24,072,950.83 | Unfunded | D-21 | 2,380,488.41 | 282,524.23 |
| Fixed Capital Authorized and | | | | Reserve for Encumbrances | D-21 | 6,560.44 | 8,174.37 |
| Uncompleted | D-13 | 2,751,660.00 | 416,660.00 | Reserve for: | | | |
| | | | | Amortization | D-24 | 13,212,950.83 | 12,495,584.33 |
| Total Capital Fund | | 27,189,970.93 | 24,966,005.23 | Deferred Reserve for Amortization | D-25 | 3,660.00 | 3,660.00 |
| | | | | Capital Improv. Fund | D-23 | 77,000.00 | 52,000.00 |
| | | | | Fund Balance | D-2 | 6,423.71 | 6,423.71 |
| | | | | Total Capital Fund | | 27,189,970.93 | 24,966,005.23 |
| Total Assets | | \$ 29,171,919.27 | \$ 27,161,895.15 | Total Liabilities, Reserves and Fund Balance | | \$ 29,171,919.27 | \$ 27,161,895.15 |

There were Bonds and Notes Authorized but Not Issued at June 30, 2008 in the amount of \$2,500,000.00 (Exhibit D-26).

Note: See Notes to Financial Statements.

BOROUGH OF KEANSBURG
MONMOUTH COUNTY, NEW JERSEY

WATER AND SEWER UTILITY OPERATING FUND
 STATEMENT OF OPERATIONS AND CHANGE
 IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2008 AND 2007

| <u>REVENUE AND OTHER INCOME REALIZED</u> | | <u>REF.</u> | <u>YEAR 2008</u> | <u>YEAR 2007</u> |
|--|------|-------------|--------------------------|-----------------------------|
| Fund Balance Anticipated | D-3 | \$ | 485,000.00 | \$ 450,350.00 |
| Miscellaneous Revenues Anticipated | D-3 | | 4,380,593.37 | 4,482,457.27 |
| Other Credits to Operations: | | | | |
| Unexpended Balance of Approp. Res. | D-14 | | <u>156,108.27</u> | <u>331,580.34</u> |
| Total Revenues | | | <u>5,021,701.64</u> | <u>5,264,387.61</u> |
| <u>EXPENDITURES</u> | | | | |
| Budget Appropriations: | D-4 | | 4,881,372.83 | 4,846,892.60 |
| Refund Prior Year Revenue | D-5 | | <u>1,213.84</u> | <u>3,621.25</u> |
| Total Expenditures | | | <u>4,882,586.67</u> | <u>4,850,513.85</u> |
| Excess in Revenues | | | 139,114.97 | 413,873.76 |
| Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year | | | <u>2,581.76</u> | <u> </u> |
| Statutory Excess (Deficit) to Surplus | | | 141,696.73 | 413,873.76 |
| <u>FUND BALANCE</u> | | | | |
| Balance - July 1 | D | | <u>591,642.65</u> | <u>653,118.89</u> |
| | | | <u>733,339.38</u> | <u>1,066,992.65</u> |
| Decreased by: | | | | |
| Appropriated as Revenue in in Current Fund Budget | D-6 | | | 25,000.00 |
| Appropriated as Revenue in in Current Year Budget | D-3 | | <u>485,000.00</u> | <u>450,350.00</u> |
| Balance - June 30 | D | \$ | <u><u>248,339.38</u></u> | <u><u>\$ 591,642.65</u></u> |

Note: See Notes to Financial Statements.

BOROUGH OF KEANSBURG
MONMOUTH COUNTY, NEW JERSEY

WATER AND SEWER UTILITY CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2008

| | <u>REF.</u> | |
|-------------------------|-------------|--------------------|
| Balance - June 30, 2007 | D | \$ 6,423.71 |
| Balance - June 30, 2008 | D | \$ <u>6,423.71</u> |

Note: See Notes to Financial Statements.

BOROUGH OF KEANSBURG
MONMOUTH COUNTY, NEW JERSEY

WATER AND SEWER UTILITY OPERATING FUND
 STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2008

| | <u>REF.</u> | <u>2008 BUDGET</u> | <u>REALIZED</u> | <u>EXCESS OR (DEFICIT)</u> |
|--------------------------------------|-------------|------------------------|------------------------|--------------------------------|
| Operating Surplus | | \$ 485,000.00 | \$ 485,000.00 | \$ - |
| Water and Sewer Rents | | 4,299,000.00 | 4,301,894.97 | 2,894.97 |
| Interest on Delinquent Payments | | 46,000.00 | 44,850.25 | (1,149.75) |
| Interest on Investments and Deposits | | <u>54,050.00</u> | <u>33,848.15</u> | <u>(20,201.85)</u> |
| | | <u>\$ 4,884,050.00</u> | <u>\$ 4,865,593.37</u> | <u>\$ (18,456.63)</u> |
| | <u>Ref.</u> | D-4 | D-1 | |
| Water and Sewer Rents | | | | |
| Cash Collections | D-5 | | \$ 4,296,982.65 | |
| Overpayments Applied | D-17 | | <u>4,912.32</u> | |
| | | | <u>\$ 4,301,894.97</u> | |

Note: See Notes to Financial Statements.

BOROUGH OF KEANSBURG
MONMOUTH COUNTY, NEW JERSEY

WATER AND SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2008

| | 2008 BUDGET | BUDGET AFTER MODIFICATION | EXPENDED | | RESERVED | UNEXPENDED BALANCE CANCELLED | OVEREXPENDITURES |
|--|-----------------|------------------------------|--------------------|--------------|---------------|------------------------------------|------------------|
| | | | PAID OR CHARGED | ENCUMBERED | | | |
| Operating: | | | | | | | |
| Salaries and Wages | \$ 562,000.00 | \$ 562,000.00 | \$ 516,446.50 | \$ | \$ 45,553.50 | \$ | |
| Other Expenses | 2,854,250.00 | 2,854,250.00 | 2,084,497.18 | 80,937.60 | 688,815.22 | | |
| Capital Improvements: | | | | | | | |
| Capital Improvement Fund | 25,000.00 | 25,000.00 | 25,000.00 | | | | |
| Debt Service: | | | | | | | |
| Payment on Bond Principal | 715,000.00 | 715,000.00 | 715,000.00 | | | | |
| Interest on Bonds | 494,000.00 | 494,000.00 | 490,407.04 | | | 3,592.96 | |
| Interest on Notes | 6,000.00 | 6,000.00 | 8,581.76 | | | | 2,581.76 |
| New Jersey Loan | 2,800.00 | 2,800.00 | 1,134.03 | | | 1,665.97 | |
| Statutory Expenditures: | | | | | | | |
| Contribution to: | | | | | | | |
| Public Employee's Retirement System | 13,000.00 | 13,000.00 | 13,000.00 | | | | |
| Social Security System (O.A.S.I.) | 50,000.00 | 50,000.00 | 38,357.75 | | 11,642.25 | | |
| Unemployment Trust | 12,000.00 | 12,000.00 | 12,000.00 | | | | |
| Surplus (General Budget) | 150,000.00 | 150,000.00 | 150,000.00 | | | | |
| Total Water & Sewer Utility Appropriations | \$ 4,884,050.00 | \$ 4,884,050.00 | \$ 4,054,424.26 | \$ 80,937.60 | \$ 746,010.97 | \$ 5,258.93 | \$ 2,581.76 |
| | Ref. | D-3 | D-1 | D, D-1 | D, D-1 | | |
| Cash Disbursements | | | \$ 3,554,301.43 | | | | |
| Accrued Interest on Bonds, Notes and Loans | | | 500,122.83 | | | | |
| | | | \$ 4,054,424.26 | | | | |

Note: See Notes to Financial Statements

BOROUGH OF KEANSBURG
MONMOUTH COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
STATE FISCAL YEARS ENDED JUNE 30, 2008 AND 2007

Note 1: FORM OF GOVERNMENT

The Borough of Keansburg operates under the legislative authority of the Optional Municipal Charter Law (N.J. Article 12A, Laws of 1950, Ch. 210 as amended, representing the Council-Manager Plan "B"), which provides for the election of five members of council serving staggered four year terms. On the first day of July, following the election, unless that day be a Sunday, the members of the Municipal Council assemble and elect one of the Councilpersons as mayor for a one year term. The Borough has adopted an administrative code, which provides for the delegation of a portion of executive responsibilities to an administrator and the organization of the council into standing committees to oversee various Borough activities.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the Borough of Keansburg include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Keansburg, as required by N.J.S.A. 40A: 5-5. Accordingly, the financial statements of the Borough of Keansburg do not include the operations of the municipal library, the board of education, the housing authority, redevelopment agency, first aid organizations or volunteer fire companies.

B. Description of Funds

The accounting policies of the Borough of Keansburg conform to the accounting principles applicable to municipalities, which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough of Keansburg accounts for its financial transactions through the following separate funds:

Current Fund - resources and expenditures for governmental operations of a general nature, including Federal and State grant funds, except as otherwise noted.

Trust Fund - receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created. Pursuant to the provisions of N.J.S.A. 40A:4-39, the financial transactions of the following funds and accounts are reported within the Trust Fund:

Animal Control Fund
Other Trust Fund

General Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes. Debt obligations authorized in conjunction with the Borough's conversion to the state's fiscal year are also accounted for in the General Capital Fund.

Water and Sewer Utility Fund - resources and expenditures for the operations and acquisition of capital facilities of the municipally owned Water and Sewer Utility.

NOTES TO FINANCIAL STATEMENTS

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD):

B. Description of Funds (Cont'd.)

Governmental Fixed Assets - the Governmental Fixed Asset System is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available or any other reasonable basis, provided such basis is adequately disclosed in the financial statements. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on general fixed assets.

The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. GASB's Codification of Governmental Accounting and Financial Reporting Standards and subsequent GASB pronouncements are recognized as U.S. generally accepted accounting principles (GAAP) for state and local governments. GAAP provides for the issuance of entity-wide financial statements along with the presentation of separate fund financial statements that differ from the organization of funds prescribed under the regulatory basis of accounting utilized by the Borough. The resultant presentation of financial position and results of operations in the form of financial statements is not intended to present the basic financial statement presentation required by GAAP.

C. Basis of Accounting

Basis of Accounting and Measurement Focus – The basis of accounting as prescribed by the Division of Local Government Services for its operating funds is generally a modified cash basis for revenue recognition and a modified accrual basis for expenditures. The operating funds utilize a “current financial resources” measurement focus. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The most significant is the reporting of entity-wide financial statements, which are not presented in the accounting principles prescribed by the Division. The other significant differences are as follows:

Revenues - Revenues are recorded as received in cash except for statutory reimbursements and grant funds, which are due from other governmental units. State and Federal grants, entitlements and shared revenues received for operating purposes are realized as revenues when anticipated in the Borough budget. Receivables for property taxes and water utility consumer charges are recorded with offsetting reserves within the Current Fund and Water and Sewer Utility, respectively. Other amounts that are due to the Borough which are susceptible to accrual are recorded as receivables with offsetting reserves. These reserves are liquidated and revenues are recorded as realized upon receipt of cash. GAAP requires the recognition of revenues for general operations in the accounting period in which they become available and measurable, with the exception of the water and sewer utility consumer charges, which should be recognized in the period they are earned and become measurable.

Expenditures - For purposes of financial reporting, expenditures are recorded as "paid or charged" or "appropriation reserves". Paid or charged refers to the Borough "budgetary" basis of accounting. Generally, these expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance accounting system. Reserves for unliquidated encumbrances at the close of the year are reported as a cash liability.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Basis of Accounting (Cont'd.)

Encumbrances do not constitute expenditures under GAAP. Appropriation reserves refer to unexpended appropriation balances at the close of the year. Appropriation reserves are automatically created and recorded as a cash liability, except for amounts, which may be canceled by the governing body. Appropriation reserves are available until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred and not recorded in the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Generally, unexpended balances of budget appropriations are not recorded as expenditures under GAAP.

For the purpose of calculating the results of Current Fund operations, the regulatory basis of accounting utilized by the Borough requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories of over-expenditures and emergency appropriations. Over-expenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Over-expenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the Current Fund balance sheet. GAAP does not permit the deferral of over-expenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance. The status of deferred charges at June 30, 2008 and 2007 is set forth in Note 5.

New Jersey statutes require municipalities to provide annual funding to Free Public Libraries through the Current Fund Budget. Amounts paid on behalf of the Free Public Library or transferred to the custody of the Library's management are recorded as budgetary expenditures of the Borough, notwithstanding the fact that the Library is recognized as a separate entity for financial reporting purposes. Under GAAP, the Library would be recognized as a "component unit" of the Borough, and discrete reporting of the Library's financial position and operating results would be incorporated in the Borough's financial statements.

Compensated Absences - The Borough has established policies through employee contracts and municipal ordinances which set forth the terms under which an employee may accumulate earned, but unused, vacation and sick leave, establishes the limits on such accumulations and specifies the conditions under which the right to receive payment for such accumulations vests with the employee. The Borough records expenditures for payments of earned and unused vacation and sick leave in the accounting period in which the payments are made. GAAP requires expenditures be recorded in the governmental (Current) fund in an amount that would normally be liquidated with available financial resources, and that expenditures be recorded in the enterprise (Water and Sewer Utilities) fund on a full accrual basis.

Property Acquired for Taxes - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. For the years ended June 30, 2008 and 2007, the Borough's financial statements reflect a cumulative total of \$222,900.00. GAAP requires such property to be recorded as a general fixed asset at the lower of cost or fair market value.

Self -Insurance Reserves - Charges to self-insurance reserves are recorded when payments of claims and related expenses are made. Increases to self-insurance reserves are recorded from budgetary appropriations in the accounting period in which budgetary expenditures are recorded. Earnings on investments and miscellaneous reimbursements are credited to reserves when received in cash. GAAP requires that liabilities for incurred claims be recorded as determined actuarially, and that operating transfers to self-insurance funds not exceed the amount determined.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

C. Basis of Accounting (Cont'd.)

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the accounting period the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. Although the expenditure method of accounting for purchases of supplies is in accordance with GAAP, the cost of inventory on hand at the close of the year should be reported on the balance sheet with an offsetting reserve for conformity with GAAP.

Sale of Municipal Assets - Cash proceeds from the sale of Borough owned property may be realized as revenue or reserved until utilized as an item of revenue in a subsequent year budget. Year-end balances of reserved proceeds are reported as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the accounting period that the terms of the sales contracts become legally enforceable.

Governmental Fixed Assets - Property and equipment acquired by the Current and the General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized in their own respective funds. Property and equipment purchased by the Water and Sewer Utility Fund are recorded in their respective capital accounts at cost and are adjusted for dispositions and abandonment. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Water and Sewer Utility Capital Fund represent charges to operations for the costs of acquisitions of property, equipment and improvements, and costs funded from sources other than bonded debt of the utility. The utility does not record depreciation on fixed assets. GAAP does not require the establishment of a reserve for amortization for utility fixed assets, but does require the recognition of depreciation of these assets as an operating expense of the utility.

N.J.A.C. 5:30 - 5.6, issued by the Local Finance Board, Department of Community Affairs, State of New Jersey, established a mandate for fixed asset accounting by municipalities, effective December 31, 1985. The Borough has not developed a governmental fixed asset accounting and reporting system and, accordingly, a Statement of Governmental Fixed Assets, which is required pursuant to generally accepted accounting principles and accounting practices prescribed for municipalities by the State of New Jersey, is not included in the financial statements.

Fixed Capital – Water and Sewer Utility – Capital acquisitions, including utility infrastructure costs of the Utilities are recorded at cost upon purchase or project completion in the Fixed Capital Account of the Utilities. Fixed Capital accounts are adjusted for dispositions or abandonments. The accounts include Moveable Fixed Assets of the Utilities, but are not specifically identified and are considered as duplicated in the Fixed Asset Group of Accounts. The condition is considered as insignificant on its effect on the financial statements taken as a whole. Utility improvements that may have been constructed by developers and transferred to the Borough are not recorded as additions to Fixed Capital.

Fixed Capital of the Utilities is offset by accumulations in Amortization Reserve Accounts. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utilities represent charges to operations for the costs of acquisitions of property, equipment and improvement and costs funded from sources other than bonded debt of the utilities. The utilities do not record depreciation on fixed assets. GAAP does not require the establishment of a reserve for amortization for utility fixed assets, but does require the recognition of depreciation of these assets as an operating expense of the utility.

NOTES TO FINANCIAL STATEMENTS

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Basis of Accounting (Cont'd.)

Disclosures About Fair Value of Financial Instruments - The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents and short-term investments: The carrying amount approximates fair value because of the short maturity of those investments.

Long-term debt: The Borough's long-term debt is stated at face value. The debt is not traded and it is not practicable to determine its fair value without incurring excessive cost. Additional information pertinent to the Borough's long-term debt is disclosed in Note 3 to the financial statements.

Recent Accounting Standards

GASB issued Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues" in September 2006. This statement establishes criteria that governments will use to ascertain whether the proceeds received should be reported as revenue or as a liability.

GASB issued Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations" in November 2006. This statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of *existing* pollution by participating in pollution remediation activities such as site assessments and cleanups.

GASB issued Statement No. 50, "Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27" in May 2007. This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits.

GASB issued Statement No. 51, "Accounting and Financial Reporting for Intangible Assets" in June 2007. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets.

GASB issued Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments" in November 2007. This Statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value.

GASB issued Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments" in June 2008. This Statement requires that the fair value of financial arrangements called "derivates" or "derivative instruments" be reported in the financial statements of state and local governments.

The Borough does not prepare its financial statements in accordance with accounting principles generally accepted in the United States of America. The adoption of these new standards will not adversely effect the reporting on the Borough's financial condition.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Basis of Accounting (Cont'd.)

Use of Estimates - The preparation of financial statements requires management of the Borough to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Comparative Data - Comparative data for the prior year has been presented in order to provide an understanding of changes on the Borough's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Certain reclassifications have been made to the SFY 2007 financial statements to conform with classifications used in SFY 2008.

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION

The Local Bond Law, Chapter 40A:2 et seq, governs the issuance of bonds to finance municipal capital expenditures. The Borough's debt is summarized as follows:

A. Summary of Municipal Debt for Capital Projects

| | <u>SFY 2008</u> | <u>SFY 2007</u> |
|---|-------------------------|-------------------------|
| <u>Issued:</u> | | |
| General: | | |
| Bonds and Notes and Loans | \$ 9,149,025.66 | \$ 9,025,882.92 |
| Water and Sewer Utility: | | |
| Bonds and Notes | <u>11,108,000.00</u> | <u>11,780,366.50</u> |
| Total Issued | <u>20,257,025.66</u> | <u>20,806,249.42</u> |
| Net Issued | <u>20,257,025.66</u> | <u>20,806,249.42</u> |
| <u>Authorized But Not Issued:</u> | | |
| General: | | |
| Bonds and Notes | 1,225,146.00 | 1,113,580.00 |
| Water and Sewer Utility: | | |
| Bonds and Notes | <u>2,500,000.00</u> | <u>210,000.00</u> |
| Total Authorized But Not Issued | <u>3,725,146.00</u> | <u>1,323,580.00</u> |
| Total Bonds and Notes Issued and Authorized but not Issued | <u>\$ 23,982,171.66</u> | <u>\$ 22,129,829.42</u> |

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

A. Summary of Municipal Debt for Capital Projects (Cont'd.)

Summarized below are the Borough's individual bond and loan issues which were outstanding at June 30, 2008 and 2007:

| | <u>SFY 2008</u> | <u>SFY 2007</u> |
|--|-------------------------|-------------------------|
| <u>General Debt:</u> | | |
| \$2,005,000, General Obligation Refunding Bonds, Series 2002 due in annual installments of \$245,000 to \$285,000 through December 2010, interest at 4.000% to 4.125%. | 815,000.00 | 1,070,000.00 |
| \$2,967,000, General Obligation Bonds of 2003, due in annual installments of \$115,000 to \$150,000 through July 2024, interest at 4.75% to 5.00%. | 2,547,000.00 | 2,697,000.00 |
| \$2,924,608 General Capital Bond Anticipation Notes issued on 1/25/08 due on 1/23/09, interest at 3.250%. | 2,924,608.00 | - |
| \$2,199,827 General Capital Bond Anticipation Notes issued on 5/25/07 due on 1/25/08, interest at 4.750%. | - | 2,199,827.00 |
| \$2,910,000, 2001 Drainage Improvements - Environmental Trust Fund Loan, issued October 2001, annual installments through October 2020 bearing interest at 2.50% to 2.625% net | 2,074,148.43 | 2,206,798.20 |
| 2001 Drainage Improvements - Environmental Trust Fund Loan, issued October 2001, annual installments through October 2020 bearing interest rates of 2.50% to 2.625% net | 209,382.15 | 221,281.75 |
| Green Acres Loan due in annual installments through 2027 | 546,387.08 | 591,975.97 |
| Demolition Loan due in annual installments of \$6,500 through 2013. | 32,500.00 | 39,000.00 |
| Total General Capital Debt | <u>\$ 9,149,025.66</u> | <u>\$ 9,025,882.92</u> |
| <u>Utility Debt:</u> | | |
| \$1,000,000, 1995 Various Improvements to Water System due in annual installments of \$45,000 to \$75,000 through July 2015, interest at 5.05% to 5.50%. | 505,000.00 | 555,000.00 |
| \$1,000,000, 1998 Various Improvements to Water System due in annual installments of \$45,000 to \$75,000 through December 2018, interest at 4.10% to 5.00%. | 650,000.00 | 695,000.00 |
| \$12,635,000 General Obligation Refunding Bonds due in annual installments of \$600,000 to \$1,030,000 through December 2019, interest at 2.500% to 4.00% | 9,705,000.00 | 10,325,000.00 |
| \$248,000 Water Sewer Utility Bond Anticipation Notes issued on 1/25/08 due on 1/23/09, interest at 3.250%. | 248,000.00 | - |
| \$203,000 Water Sewer Utility Bond Anticipation Notes issued on 5/25/07 due on 1/25/08, interest at 4.750%. | - | 203,000.00 |
| \$23,670, NJDEP Hazardous Site Remediation Loan issued November 1997, annual installments of \$2,366.50 through November 2007, interest at 3.00%. | - | 2,366.50 |
| Total Utility Debt | <u>11,108,000.00</u> | <u>11,780,366.50</u> |
| Total Debt Issued and Outstanding | <u>\$ 20,257,025.66</u> | <u>\$ 20,806,249.42</u> |

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONTD.)

B. Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of:

| <u>2008</u> | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|--------------------------------------|-------------------------|-------------------------|-------------------------|
| Local School District Debt | \$ 5,225,000.00 | \$ 5,225,000.00 | |
| Water Utility and Sewer Utility Debt | 13,608,000.00 | 13,608,000.00 | - |
| General Debt | 10,374,171.66 | | 10,374,171.66 |
| | <u>\$ 29,207,171.66</u> | <u>\$ 18,833,000.00</u> | <u>\$ 10,374,171.66</u> |

Net Debt \$10,374,171.66 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended
\$705,436,230.00 = 1.47%

| <u>2007</u> | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|--------------------------------------|-------------------------|-------------------------|-------------------------|
| Local School District Debt | \$ 6,115,000.00 | \$ 6,115,000.00 | |
| Water Utility and Sewer Utility Debt | 11,990,366.50 | 11,990,366.50 | - |
| General Debt | 10,139,462.92 | | 10,139,462.92 |
| | <u>\$ 28,244,829.42</u> | <u>\$ 18,105,366.50</u> | <u>\$ 10,139,462.92</u> |

Net Debt \$10,139,462.92 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended
\$610,437,937.33 = 1.66%

The Borough's Borrowing Power Under N.J.S.A. 40A:2-6 as Amended, at June 30, was as follows:

| | <u>2008</u> | <u>2007</u> |
|--|--|--|
| 3 1/2% of Equalized Valuation Basis Municipal Net Debt | \$ 24,690,268.05 <u>10,374,171.66</u> | \$ 17,904,524.20 <u>10,139,462.92</u> |
| Remaining Borrowing Power | <u>\$ 14,316,096.39</u> | <u>\$ 7,765,061.28</u> |

SFY 2008 Equalized Valuation Basis

| | |
|---|--------------------------|
| 2005 Equalized Valuation Basis of Real Property | \$ 606,374,566.00 |
| 2006 Equalized Valuation Basis of Real Property | 720,985,142.00 |
| 2007 Equalized Valuation Basis of Real Property | <u>788,948,982.00</u> |
| Average Equalized Valuation | <u>\$ 705,436,230.00</u> |

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

B. Summary of Statutory Debt Condition - Annual Debt Statement (Cont'd.)SFY 2007 Equalized Valuation Basis

| | | |
|---|----|-----------------------|
| 2004 Equalized Valuation Basis of Real Property | \$ | 503,954,104.00 |
| 2005 Equalized Valuation Basis of Real Property | | 606,374,566.00 |
| 2006 Equalized Valuation Basis of Real Property | | <u>720,985,142.00</u> |
| Average Equalized Valuation | \$ | <u>610,437,937.33</u> |

Calculation of "Self-Liquidating Purpose"

Water and Sewer Utility Per N.J.S.A. 40A:2-45

The calculation of "Self-Liquidating Purpose" for the Water and Sewer Utility, per N.J.S.A. 40A:2-45 is as follows:

| | <u>2008</u> | <u>2007</u> |
|--|----------------------|----------------------|
| Cash Receipts from Fees, Rents or Other Charges for Year | \$ 4,865,593.37 | \$ 4,932,807.27 |
| Deductions: | | |
| Operating & Maintenance Cost | 3,491,250.00 | 3,466,550.00 |
| Debt Service Per Water & Sewer Acct. | <u>1,215,122.83</u> | <u>1,205,342.60</u> |
| Total Deductions | <u>4,706,372.83</u> | <u>4,671,892.60</u> |
| Excess/(Deficit) in Revenue | \$ <u>159,220.54</u> | \$ <u>260,914.67</u> |

The difference between the excess in revenues for debt statement purposes and the statutory cash basis for the Water and Sewer Utility is as follows:

| | <u>2008</u> | <u>2007</u> |
|--|----------------------|----------------------|
| Excess/(Deficit) in Revenues - Cash Basis (D-1) | \$ 139,114.97 | \$ 413,873.76 |
| Add: Capital Improvements | 25,000.00 | 25,000.00 |
| Refunds of Prior Year Revenues | 1,213.84 | 3,621.25 |
| Fund Balance - Current Fund | <u>150,000.00</u> | <u>150,000.00</u> |
| | <u>176,213.84</u> | <u>178,621.25</u> |
| | 315,328.81 | 592,495.01 |
| Less: Unexpended Balance of Appropriation Reserves | <u>156,108.27</u> | <u>331,580.34</u> |
| | <u>156,108.27</u> | <u>331,580.34</u> |
| Excess/(Deficit) in Revenue | \$ <u>159,220.54</u> | \$ <u>260,914.67</u> |

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

C. Capital Lease Purchase Agreements

The Borough is obligated to the Monmouth County Improvement Authority for County-Guaranteed Pooled Lease Revenue Bonds under the 2001, 2003 and 2005 Capital Equipment Improvement Lease Programs.

| Fiscal Year Ending June 30 | Series 2001 | Series 2003 | Series 2005 | Series Total |
|----------------------------------|----------------------|----------------------|----------------------|------------------------|
| 2009 | 61,651.58 | 132,865.36 | 120,831.00 | 315,347.94 |
| 2010 | 61,767.46 | 132,975.11 | 120,504.25 | 315,246.82 |
| 2011 | 61,676.96 | 132,773.48 | 120,180.00 | 314,630.44 |
| 2012 | 61,551.23 | 133,369.43 | 81,256.00 | 276,176.66 |
| 2013 | | 133,222.13 | 80,950.00 | 214,172.13 |
| 2014 | | 132,225.00 | 80,865.00 | 213,090.00 |
| 2015 | | | 80,707.50 | 80,707.50 |
| 2016 | | | 80,667.50 | 80,667.50 |
| Total Payments | <u>\$ 246,647.23</u> | <u>\$ 797,430.51</u> | <u>\$ 765,961.25</u> | <u>\$ 1,810,038.99</u> |
| Interest Component | <u>\$ 19,147.23</u> | <u>\$ 94,130.51</u> | <u>\$ 114,561.25</u> | <u>\$ 227,838.99</u> |

D. New Jersey Environmental Infrastructure Trust

The Borough has contracted with the State of New Jersey, Department of Environmental Protection to fund a portion of the costs incurred for Drainage Improvements. Pursuant to the provision of N.J.S.A. 40A: 2-1 et seq. the combined outstanding principal of these loans has been included in the calculation of the Borough's statutory debt condition. Information relating to these loans is as follows:

| Fiscal Year Ending June 30 | 10/15/2001 | | 10/15/2001 | |
|----------------------------------|------------------------|----------------------|----------------------|---------------------|
| | Principal | Interest | Principal | Interest |
| 2009 | \$ 138,791.53 | \$ 59,306.27 | \$ 11,722.48 | \$ 5,437.50 |
| 2010 | 136,812.49 | 56,181.26 | 11,553.42 | 5,175.00 |
| 2011 | 142,802.00 | 52,931.26 | 11,384.35 | 4,912.50 |
| 2012 | 148,639.29 | 49,556.26 | 11,207.23 | 4,637.50 |
| 2013 | 146,355.79 | 45,931.26 | 11,030.11 | 4,362.50 |
| 2014 | 152,040.83 | 42,181.26 | 10,852.99 | 4,087.50 |
| 2015 | 157,573.66 | 24,181.26 | 18,823.77 | 3,700.00 |
| 2016 | 162,919.98 | 29,750.19 | 18,501.73 | 3,200.00 |
| 2017 | 168,077.92 | 25,009.38 | 18,179.70 | 2,700.00 |
| 2018 | 173,041.77 | 19,950.00 | 17,857.66 | 2,200.00 |
| 2019 | 177,809.61 | 14,568.75 | 17,535.63 | 1,700.00 |
| 2020 | 182,417.61 | 8,925.00 | 17,213.59 | 1,200.00 |
| 2021 | 186,865.94 | 3,018.75 | 16,899.60 | 712.50 |
| 2022 | | | 16,593.89 | 237.50 |
| | <u>\$ 2,074,148.43</u> | <u>\$ 431,490.90</u> | <u>\$ 209,382.15</u> | <u>\$ 44,262.50</u> |

NOTES TO FINANCIAL STATEMENTS

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

E. Green Acres Loan - 1321-92-039

| Fiscal Year Ending June 30 | Principal | Interest | Total Payments |
|----------------------------------|----------------------|---------------------|----------------------|
| 2009 | \$ 13,639.79 | \$ 2,594.23 | \$ 16,234.02 |
| 2010 | 13,913.94 | 2,320.08 | 16,234.02 |
| 2011 | 14,193.62 | 2,040.40 | 16,234.02 |
| 2012 | 14,478.90 | 1,755.12 | 16,234.02 |
| 2013 | 14,769.94 | 1,464.08 | 16,234.02 |
| 2014 | 15,066.81 | 1,167.21 | 16,234.02 |
| 2015 | 15,369.65 | 864.37 | 16,234.02 |
| 2016 | 15,678.58 | 555.44 | 16,234.02 |
| 2017 | 15,993.72 | 240.30 | 16,234.02 |
| | <u>\$ 133,104.95</u> | <u>\$ 13,001.23</u> | <u>\$ 146,106.18</u> |

Green Acres Loan - 1321-95-049

| Fiscal Year Ending June 30 | Principal | Interest | Total Payments |
|----------------------------------|---------------------|--------------------|---------------------|
| 2009 | \$ 1,319.01 | \$ 577.58 | \$ 1,896.59 |
| 2010 | 1,345.52 | 551.07 | 1,896.59 |
| 2011 | 1,372.57 | 524.02 | 1,896.59 |
| 2012 | 1,400.15 | 496.43 | 1,896.58 |
| 2013 | 1,428.30 | 468.29 | 1,896.59 |
| 2014 | 1,457.01 | 439.58 | 1,896.59 |
| 2015 | 1,486.29 | 410.29 | 1,896.58 |
| 2016 | 1,516.17 | 380.42 | 1,896.59 |
| 2017 | 1,546.64 | 349.94 | 1,896.58 |
| 2018 | 1,577.73 | 318.85 | 1,896.58 |
| 2019 | 1,609.44 | 287.15 | 1,896.59 |
| 2020 | 1,641.79 | 254.79 | 1,896.58 |
| 2021 | 1,674.79 | 221.79 | 1,896.58 |
| 2022 | 1,708.46 | 188.14 | 1,896.60 |
| 2023 | 1,742.79 | 153.79 | 1,896.58 |
| 2024 | 1,777.83 | 118.76 | 1,896.59 |
| 2025 | 1,813.56 | 83.02 | 1,896.58 |
| 2026 | 1,850.01 | 46.58 | 1,896.59 |
| 2027 | 938.92 | 9.39 | 948.31 |
| | <u>\$ 29,206.98</u> | <u>\$ 5,879.88</u> | <u>\$ 35,086.86</u> |

NOTES TO FINANCIAL STATEMENTS

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

E. Green Acres Loan - 1321-95-049(A) (Cont'd)

| <u>Fiscal Year</u> <u>Ending</u> <u>June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> <u>Payments</u> |
|---|----------------------|---------------------|---------------------------------|
| 2009 | \$ 31,546.43 | \$ 7,524.55 | \$ 39,070.98 |
| 2010 | 32,180.51 | 6,890.48 | 39,070.99 |
| 2011 | 32,827.34 | 6,243.64 | 39,070.98 |
| 2012 | 33,487.16 | 5,283.82 | 38,770.98 |
| 2013 | 34,160.26 | 4,910.73 | 39,070.99 |
| 2014 | 34,846.88 | 4,224.10 | 39,070.98 |
| 2015 | 35,547.31 | 3,523.68 | 39,070.99 |
| 2016 | 36,261.81 | 2,809.18 | 39,070.99 |
| 2017 | 36,990.67 | 2,080.31 | 39,070.98 |
| 2018 | 37,734.18 | 1,336.81 | 39,070.99 |
| 2019 | <u>38,492.61</u> | <u>578.35</u> | <u>39,070.96</u> |
| | <u>\$ 384,075.16</u> | <u>\$ 45,405.65</u> | <u>\$ 429,480.81</u> |

F. Demolition Loan

| <u>Fiscal Year</u> <u>Ending</u> <u>June 30</u> | <u>Principal</u> |
|---|---------------------|
| 2009 | \$ 6,500.00 |
| 2010 | 6,500.00 |
| 2011 | 6,500.00 |
| 2012 | 6,500.00 |
| 2013 | <u>6,500.00</u> |
| | <u>\$ 32,500.00</u> |

NOTES TO THE FINANCIAL STATEMENTS

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONTD.)

G. Schedule of Annual Debt Service for Principal and Interest for Borough Bonded Debt Issued and Outstanding

| SFY Year | General | | Water and Sewer Utility | | Total |
|-------------|------------------------|------------------------|-------------------------|------------------------|-------------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | |
| 2009 | \$ 410,000.00 | \$ 147,043.75 | \$ 735,000.00 | \$ 469,011.25 | \$ 1,761,055.00 |
| 2010 | 420,000.00 | 129,318.75 | 770,000.00 | 437,492.50 | 1,756,811.25 |
| 2011 | 435,000.00 | 110,915.63 | 805,000.00 | 403,095.00 | 1,754,010.63 |
| 2012 | 150,000.00 | 97,912.50 | 835,000.00 | 371,676.25 | 1,454,588.75 |
| 2013 | 150,000.00 | 90,787.50 | 865,000.00 | 338,280.00 | 1,444,067.50 |
| 2014 | 150,000.00 | 83,662.50 | 905,000.00 | 302,630.00 | 1,441,292.50 |
| 2015 | 150,000.00 | 76,537.50 | 935,000.00 | 264,735.00 | 1,426,272.50 |
| 2016 | 150,000.00 | 69,412.50 | 980,000.00 | 224,200.00 | 1,423,612.50 |
| 2017 | 150,000.00 | 62,287.50 | 945,000.00 | 178,422.50 | 1,335,710.00 |
| 2018 | 150,000.00 | 55,162.50 | 1,000,000.00 | 127,602.50 | 1,332,765.00 |
| 2019 | 150,000.00 | 48,037.50 | 1,055,000.00 | 101,475.00 | 1,354,512.50 |
| 2020 | 150,000.00 | 40,912.50 | 1,030,000.00 | 23,175.00 | 1,244,087.50 |
| 2021 | 150,000.00 | 33,600.00 | | | 183,600.00 |
| 2022 | 150,000.00 | 26,100.00 | | | 176,100.00 |
| 2023 | 150,000.00 | 18,600.00 | | | 168,600.00 |
| 2024 | 150,000.00 | 11,100.00 | | | 161,100.00 |
| 2025 | 147,000.00 | 3,675.00 | | | 150,675.00 |
| Totals | <u>\$ 3,362,000.00</u> | <u>\$ 1,105,065.63</u> | <u>\$ 10,860,000.00</u> | <u>\$ 3,241,795.00</u> | <u>\$ 18,568,860.63</u> |

H. Bond Anticipation Notes

The Borough has issued General Capital Bond Anticipation Notes in the amount of \$2,924,608.00, bearing and interest rate of 3.250% due on January 23, 2009.

The Borough has issued Water & Sewer Utility Capital Bond Anticipation Notes in the amount of \$248,000.00, bearing and interest rate of 3.250% due on January 23, 2009.

NOTES TO FINANCIAL STATEMENTS

Note 4: FUND BALANCES APPROPRIATED

Fund balances at June 30, 2008 and 2007 were appropriated and included as anticipated revenue in their own respective funds for the "State Fiscal Year" ending June 30, 2008 and 2007 as follows:

| | <u>2008</u> | <u>2007</u> |
|---|--------------|--------------|
| Current Fund | \$585,576.17 | \$850,000.00 |
| Water and Sewer Utility Operating Fund | 225,000.00 | 485,000.00 |

Note 5: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At June 30, 2008, the following deferred charges are shown on the balance sheets of the various funds:

| | <u>June 30, 2007 Balance</u> | <u>SFY 2008 Increase (Decrease)</u> | <u>June 30, 2008 Balance</u> |
|---|--------------------------------------|---|--------------------------------------|
| Current Fund: | | | |
| Special Emergency: | | | |
| Revaluation of Real Property | \$232,000.00 | (\$58,000.00) | \$174,000.00 |
| Water & Sewer Utility Operating Fund: | | | |
| Overexpenditure of SFY 2008 Budget Appropriation | \$0.00 | \$2,571.76 | \$2,571.76 |

Note 6: CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposit of public funds that exceed insurance limits to protect deposits from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of the collateral must equal 5 percent of the average daily balance of public funds; or if the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent, to secure the deposits of governmental units.

NOTES TO FINANCIAL STATEMENTS

Note 6: CASH, CASH EQUIVALENTS AND INVESTMENTS (CONT'D.)

Deposits (Cont'd.)

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

The State of New Jersey Cash Management Fund is authorized by statutes and regulations of the State Investment Council to invest in fixed income and debt securities, which mature within one year. Collateralization of Fund investments is generally not required. "Other Than State" participants contribute one and one-half percent per year of the value of the aggregate units owned by them to establish a Reserve Fund, which is supplemented by the proportional interest of "Other Than State" participants in gains on investment transactions realized. The Reserve Fund is available to cover losses of "Other Than State" participants occasioned by the bankruptcy of an issuer of an investment held by the Fund and losses on sales of securities.

As of June 30, 2008 and 2007, the Borough's cash, cash equivalents and investments on deposit are summarized as follows:

| <u>Category</u> | <u>2008</u> | <u>2007</u> |
|------------------------------|---------------------------|---------------------------|
| Cash (Demand, Sav, & C of D) | \$4,188,997.86 | \$5,021,260.15 |
| Change Funds (On-Hand) | <u>775.00</u> | <u>775.00</u> |
| Total | <u>\$4,189,772.86</u> | <u>\$5,022,035.15</u> |

At June 30 2008, based upon GASB criteria, the Borough considers change funds, cash in banks, investments in certificates of deposit and State of New Jersey Cash Management Fund as cash and cash equivalents. At year-end, the book amount of the Borough's deposits was \$3,883,759.77 and the bank balance was \$4,188,997.86. Of the bank balance, \$603,157.84 was covered by Federal depository insurance and \$3,585,840.02 was covered under the provisions of NJGUDPA.

At June 30 2007, based upon GASB criteria, the Borough considers change funds, cash in banks, investments in certificates of deposit and State of New Jersey Cash Management Fund as cash and cash equivalents. At year-end, the book amount of the Borough's deposits was \$4,642,452.36 and the bank balance was \$5,021,260.15. Of the bank balance, \$500,000.00 was covered by Federal depository insurance and \$4,522,035.15 was covered under the provisions of NJGUDPA.

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the Borough's deposits may not be returned. The government does not have a specific deposit policy for custodial risk other than those policies that adhere to the requirements of statute. As of June 30, 2008 and 2007, based upon the insured balances provided by the FDIC and NJGUDPA coverage, no amount of the Borough's bank balance was considered exposed to custodial risk.

Investments

New Jersey Statutes permit the Borough to purchase the following types of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States;
2. Government money market mutual funds;

Note 6: CASH, CASH EQUIVALENTS AND INVESTMENTS (CONT'D.)

Investments (cont'd.)

3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided such obligation bear a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
5. Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of the Treasury for investment by local units;
6. Local government investment pools;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1997, c. 281 (C.52: 18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities, if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3);
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 235 (C.19:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

New Jersey Cash Management Fund – All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other Than State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. As of June 30, 2007, the Borough had no funds on deposit with the New Jersey Cash Management Fund

Generally, the Borough's investments consist of money market, savings accounts and certificate of deposits. Based upon the existing deposit and investment practices, the Borough is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments nor is it exposed to foreign currency risks for its deposits and investments.

Note 7: ASSESSMENT AND COLLECTION OF PROPERTY TAXES

A taxable valuation of real property is prepared by the Tax Assessor as of October 1 in each year and filed with the County Board of Taxation by January 10 of the following year. The County Board of Taxation establishes tax rates to reflect the levy necessary for municipal, local school district, special district and county taxes.

NOTES TO FINANCIAL STATEMENTS

Note 7: ASSESSMENT AND COLLECTION OF PROPERTY TAXES (CONT'D.)

The provisions of P.L. 1994, C. 72 changed the procedures for State fiscal year billing originally established in P.L. 1991, C. 75. Chapter 72 moves the billing calculation back on a calendar year basis, which permits tax levies to be proved more readily than before. The formula used to calculate tax bills under P.L. 1994, C. 72 are as follows:

The third and fourth installments, for municipal purposes, would equal one-half of an estimated annual tax levy, plus the balance of the full tax levied during the current tax year for school, county and special district purposes. The balance of the full tax for non-municipal purposes is calculated by subtracting amounts due on a preliminary basis from the full tax requirement for the tax year. The first and second installments, for municipal purposes, will be calculated on a percentage of the previous years billing necessary to bill the amount required to collect the

full tax levy, plus the non-municipal portion, which represents the amount payable to each taxing district for the period of January 1 through June 30.

Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% to 18% of the amount delinquent. In addition, the law now allows for, and the Borough has authorized, the imposition of a penalty of 6% on delinquencies exceeding \$10,000.00 that remains unpaid at the end of a calendar year. If taxes remain delinquent on or after April 1 of the succeeding fiscal year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property, and allows the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish property taxes as a lien on real estate as of the first day of the fiscal year of the municipality, even though the full amount due is not known.

As County, School and Special District tax requirements are certified to the County Board of Taxation on a calendar year basis and within a time frame which precludes the certification of a municipal purpose tax certification for the calendar year, the conversion to a fiscal year has necessitated that tax bills be prepared and mailed by the Tax Collector twice annually. The law requires tax bills for the first and second installments to be delivered on or before October 1 of the pre-tax year, and bills for the third and fourth installments to be delivered on or before June 14. The statutory requirement to deliver tax bills for the first and second installments by October 1 of the pre-tax year requires that these bills utilize assessed valuations from the pre-tax year. As a result, tax bills for the third and fourth installments will also include adjustments to reflect the results of changes in assessed valuations from the pre-tax year to the current tax year.

In accordance with the accounting principles presented by the State of New Jersey, taxes receivable and tax title liens are realized when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible.

Note 8: PENSION AND RETIREMENT PLANS

Employees of the Borough of Keansburg are enrolled in one of two cost sharing multiple-employer public employee retirement systems: the Public Employees Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS). The Division of Pensions in the Department of Treasury, State of New Jersey, administers the PERS and PFRS plans. The plans are funded annually based on the projected benefit method with aggregate level normal cost and frozen initial unfunded accrued liability. The plans, which cover public employees throughout the state, do not maintain separate records for each reporting unit and, accordingly, the actuarial data for the employees of the Borough who are members of the plan are not available. For SFY 2008 and 2007, the Borough contributed amounts of \$148,859.34.00 and \$60,000.00 for PERS and \$510,836.00 and \$273,783.20 for PFRS.

NOTES TO FINANCIAL STATEMENTS

Note 8: PENSION AND RETIREMENT PLANS (CONT'D)

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits issues publicly available financial reports that include the financial statements and required supplementary information for PERS and PFRS. These financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

Note 9: POST-RETIREMENT HEALTH CARE BENEFITS

In addition to the pension and retirement plans described in Note 8, the Borough provides post-retirement health care benefits, in accordance with State statutes, to employees who retire from the Borough with at least 25 years of service. Benefits consist of full medical, dental, prescription and optical coverage, and expenditures are recognized as claims are reported. At June 30, 2007 and 2006, approximately between ten and fifteen (10-15) retirees were receiving post retirement health care benefits.

Note 10: ACCRUED SICK AND VACATION BENEFITS

The Borough of Keansburg has established policies, which set forth the terms under which an employee may accumulate unused benefits. The Borough permits its employees to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. Effective for financial statements dated December 31, 1987, the state has required all municipalities to disclose the estimated current cost of such unpaid compensation would be & 1,461,297.00 at June 30, 2008 and \$1,176,291.00 at June 30, 2007, respectively. In accordance with New Jersey principles, this amount is not reported as an expenditure or liability in the accompanying financial statements. This amount is not intended to reflect liability for accrued compensated absences in accordance with GAAP.

Note 11: RISK MANAGEMENT

Property and Liability Insurance and Workman's Compensation – The Borough, together with other governmental units, is a member of the Statewide Insurance fund (the Fund). The Fund, which is organized and operated pursuant to the regulatory authority of the Departments of Insurance and Community Affairs, State of New Jersey, provides for a pooling of risks, subject to established limits and deductibles. The Fund's governing board based upon actuarial and budgetary requirements calculates payments to the Fund. Each participant in the Fund is jointly and severably obligated for any deficiency in the amount available to pay all claims. Lines of coverage provided by the Fund include property; boiler and machinery; equipment floater; auto physical; blanket bond; auto liability; general liability; law enforcement liability; public official liability and worker compensation and employer liability.

For the year ending December 31, 2008 the Fund provided the following coverage:

| <u>COVERAGE</u> | <u>DEDUCTIBLE</u> | <u>LIMITS</u> |
|---|---------------------|---------------------|
| 1. Property (Blanket Bldg. & Contents) (Scheduled) Flood & Earthquake | \$1,000 \$25,000 | \$150,000,000 |
| 2. Boiler & Machinery | \$1,000 | \$150,000,000 |
| 3. Equipment Floater (Scheduled) | \$1,000 | Include in Property |
| 4. Auto Physical Damage (Scheduled) | \$1,000 | Actual Cash Value |

NOTES TO FINANCIAL STATEMENTS

Note 11: RISK MANAGEMENT (CONT'D)

| <u>COVERAGE</u> | <u>DEDUCTIBLE</u> | <u>LIMITS</u> |
|---|------------------------|---------------------------|
| 5. Blanket Bond – Employee Theft/Forgery Alteration, Computer Fraud Theft of Money & Securities, Robbery Safe Burglary | \$2,500 \$1,000 | \$250,000 \$50,000 |
| 6. Auto Liability | NIL | \$10,000,000 |
| 7. General Liability | NIL | \$10,000,000 |
| 8. Law Enforcement Liability | \$15,000 | \$6,000,000 |
| 9. Public Official Liability | \$50,000 | \$6,000,000 |
| 10. Worker Comp. & Employer Liability | NIL | Statutory |
| 11. Employer's Liability | NIL | \$2,000,000 |

As of the filing of this report, the Fund reports for December 31, 2008 were not available.

Employee Medical, Dental & Prescription Insurance – The Borough's Employee Health Insurance program is insured with policy based coverage's through various insurance carriers.

Workers Compensation – Prior Year – As more fully discussed in Note 16 "Commitments and Contingencies", the Borough is exposed to the settlement of prior years workers compensation claims. The Borough currently budgets its annual worker's compensation claim on the cash basis. No determination has made or accrued for potential lost reserves and/or settlement.

New Jersey Unemployment Compensation Insurance – The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's Unemployment Insurance Trust Fund for the current and prior two years:

| <u>State Fiscal Year</u> | <u>Borough, Employee Contributions & Earnings</u> | <u>Amount Reimbursed/ Owed</u> | <u>Ending Balance</u> |
|----------------------------------|---|--|---------------------------|
| 2008 | \$17,273.02 | \$28,763.14 | \$55,169.28 |
| 2007 | 2,409.82 | 14,349.83 | 66,659.40 |
| 2006 | 1,859.73 | 15,964.24 | 78,599.41 |

NOTES TO FINANCIAL STATEMENTS

Note 12: INTERFUND RECEIVABLES/PAYABLES

| <u>Fund</u> | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|--|---------------------------------|------------------------------|
| State & Federal Grant Fund | \$6,950.86 | \$0.00 |
| Current Fund | 7,635.84 | 910,753.15 |
| Animal Control Fund | 0.00 | 3,169.03 |
| Other Trust Fund | 0.00 | 4,466.81 |
| General Capital Fund | 724,839.67 | 112,417.98 |
| Water and Sewer Utility Capital Fund | 112,417.98 | 391,227.54 |
| Water and Sewer Operating Utility Fund | 570,190.16 | 0.00 |
| | <hr/> | <hr/> |
| Totals | <u>\$1,422,034.51</u> | <u>\$1,422,034.51</u> |

Note 13: SEWER RENT RESERVE ACCOUNT

Pursuant to an agreement with the Bayshore Regional Sewerage Authority, dated December 15, 1971, the Borough of Keansburg is required to establish and maintain a Sewer Rent Reserve Account calculated in accordance with the approved agreement. The amount calculated and the amount on deposit with the Authority is reported within the Water and Sewer Utility Fund in the amounts of \$734,610.28 and \$714,951.99 as of June 30, 2008 and 2007, respectively.

Note 14: DEFERRED COMPENSATION TRUST FUND

The Borough of Keansburg, County of Monmouth Deferred Compensation Plan was established pursuant to section 457 of the Internal Revenue Code of P.L. 1977, C. 381; P.L. 1978, C. 39; P.L. 1980, C. 78; and P.L. 1997, C. 116 of the Statutes of New Jersey. The Plan is an arrangement whereby a public employer may establish a plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more of the types of investments permitted under the governing regulations. The Borough of Keansburg, County of Monmouth has engaged a private contractor to administer the plan. The Borough has implemented revisions to the Deferred Compensation Plan to comply with Federal and State regulation.

Note 15: COMMITMENTS AND CONTINGENCIES

Federal and State Assistance Programs

The Borough participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. These programs are also subject to compliance and financial audits by the grantors or their representatives. As of June 30, 2008, Borough management does not believe that any material liabilities will result from such audits.

Contingencies – Tax Appeals

The Borough is subject to pending tax appeals, which at this time, no assessment could be made.

Contingencies – Workers Compensation Claims (1998-2001)

The Borough is exposed to workers compensation claims experienced during prior years when the Borough retained the risk of providing workers compensation benefits. The Borough does not maintain a loss reserve calculation, and therefore no determination or assessment can be made. The Borough has established a workers compensation reserve in the amount of \$1,345.41 at June 30, 2008.

NOTES TO FINANCIAL STATEMENTS

Note 15: COMMITMENTS AND CONTINGENCIES (CONT'D)

Contingencies – Length of Service Program (LOSAP)

The Borough adopted ordinance no. 1449 titled “ An Ordinance Creating An Emergency Services volunteer Length of Services Award Program (LOSAP) In The Borough of Keansburg” on August 22, 2007. The LOSAP program provides for annual contributions to active volunteer members of emergency service, commencing with the year 2009.

Contingencies – Pending or Threatening Litigation

As at the date of this report, the Borough had litigation pending. This litigation can be generally categorized as a zoning dispute claim and claim for natural resources damages of a landfill which the borough is one of multiple defendants. As of the date of this report, no determination of the possibility of an unfavorable outcome can be made with respect to the pending or threatened litigation.

Note 16: SUBSEQUENT EVENTS

Bonds and Notes Authorized

The Borough has authorized the issuance of debt with respect to the following Capital Projects:

| <u>Project</u> | <u>Amount</u> |
|--|---------------|
| Storm Water System | \$468,000.00 |
| Improvements to Main Street Business Area | 422,747.00 |

Bonds

The Borough issued County Guaranteed Pooled Governmental Loan Revenue Bonds, Series 2008, in the par amount of \$4,412,000.00 and net premium of \$175, 808.29, through the Monmouth County Improvement Authority, dated December 4, 2008. The Bonds were issued to fund Bond Anticipation Notes in the amount of \$3,172,608.00, fund Ordinances in the amount of \$1,355,595.00, and Costs of Issuance for the remainder.

Pension Deferral

As part of the State Fiscal Year 2009 Local Municipal Budget, the Borough applied for and received approval from the Local Finance Board, State of New Jersey for Pension Deferral Pursuant to P.L. 2009, c.19. The pension deferral amounts for State Fiscal Year 2009 are as follows:

| <u>Pension</u> | <u>Amount</u> |
|---|---------------|
| Public Employees Retirement System (PERS) | \$85,667.00 |
| Police & Fire retirement System (PFRS) | 286,229.00 |

The deferred amounts will be billed to the Borough in accordance with the statutory provisions.

Note 16: SUBSEQUENT EVENTS (CONT'D)

Application(s) to Local Finance Board

Conversion to a Calendar Year:

The Borough has made application to the Local Finance Board, State of New Jersey for reversion from the State Fiscal Year to a Calendar Year. The application was made pursuant to N.J.S.A. 40A:4-3.1(c) for the Local Finance Board approval of a reversion to a calendar year basis for budgeting and financial reporting. The proposed conversion would require a Transition Year 2009 (July 1, 2009 through December 31, 2009) and Calendar Year 2010 reporting periods.

2009 Environmental Infrastructure Trust Financing:

The Borough has made application to the Local Finance Board, State of New Jersey for the issuance of general obligation bonds in the aggregate amount not to exceed \$2,500,000 through the 2009 Environmental Infrastructure Trust Financing program. The issuance would permanently finance existing bonds and notes authorized but not issued.

BOROUGH OF KEANSBURG
MONMOUTH COUNTY, NEW JERSEY

PART II
SUPPLEMENTAL FINANCIAL STATEMENTS
SUPPLEMENTARY DATA
GENERAL COMMENTS AND RECOMMENDATIONS

CURRENT FUND

SCHEDULE OF CASH AND INVESTMENTS -
TREASURER

| | REF. | CURRENT FUND | GRANT FUND |
|---|------------|------------------------|---------------------|
| Balance - June 30, 2007 | A | \$ 2,286,477.97 | \$ 76,736.87 |
| Increased by Receipts: | | | |
| Miscellaneous Revenues Not Anticipated | A-8 | 57,296.68 | |
| Miscellaneous Anticipated Revenue | A-2 | 4,721,611.68 | |
| Petty Cash and Change Fund | A-5 | 100.00 | |
| Due from State of N.J. - Ch. 73, P.L. 1976 | A-6 | 92,906.28 | |
| Tax Overpayments | A-12 | 60,025.00 | |
| Taxes Receivable | A-7 | 14,195,137.26 | |
| Payroll Ded. Payable | A | 73,605.57 | |
| Various Accounts Payable & Reserves | A-14 | 100.00 | |
| Interfunds | A-10, A-16 | 469,124.24 | 10,771.00 |
| Grants Receivable | A-15 | | 47,829.00 |
| Unappropriated Grant Reserves | A-18 | | 21,334.10 |
| | | <u>19,669,906.71</u> | <u>79,934.10</u> |
| | | 21,956,384.68 | 156,670.97 |
| Decreased by Disbursements: | | | |
| Special Emergency Notes Redeemed | A | 58,000.00 | |
| Budget Approp. Expenditures | A-3 | 12,451,675.67 | |
| Petty Cash Advances | A-5 | 100.00 | |
| Appropriation Reserves | A-11 | 483,194.18 | |
| Tax Overpayments | A-12 | 55,080.27 | |
| Local District School Taxes | A-13 | 4,473,429.04 | |
| County Taxes Payable | A-13 | 2,054,286.24 | |
| Payroll Ded. Payable | A | 65,923.62 | |
| Various Accounts Payable & Reserves | A-14 | 138,543.73 | |
| Unappropriated Grant Reserves | A-18 | | 4,724.29 |
| Interfunds | A-10, A-16 | 6,030.99 | |
| Appropriated Grant Reserves | A-17 | | 120,334.83 |
| | | <u>19,786,263.74</u> | <u>125,059.12</u> |
| Balance - June 30, 2008 | A | <u>\$ 2,170,120.94</u> | <u>\$ 31,611.85</u> |

CURRENT FUND
SCHEDULE OF CHANGE PETTY CASH AND CHANGE FUNDS

| | Balance June 30, 2007 | Advanced | Returned | Balance June 30, 2008 |
|-----------------------|--------------------------|-----------|-----------|--------------------------|
| Change Fund | | | | |
| Tax Collector | \$ 250.00 | \$ | \$ | 250.00 |
| Municipal Court..... | 150.00 | | | 150.00 |
| Vital Statistics..... | 25.00 | | | 25.00 |
| Clerk..... | 25.00 | | | 25.00 |
| Police Records..... | 25.00 | | | 25.00 |
| Petty Cash Funds: | | 100.00 | 100.00 | |
| | \$ 475.00 | \$ 100.00 | \$ 100.00 | \$ 475.00 |
| <u>Ref.</u> | A | A-4 | A-4 | A |

SCHEDULE OF DUE FROM STATE OF NEW JERSEY -
FOR ALLOWABLE DEDUCTIONS PER CHAPTER 20, P.L. 1976
CURRENT FUND

| | <u>REF.</u> | | |
|---|-------------|-----------------|------------------|
| Balance - June 30, 2007 | A | \$ | 60,743.03 |
| Increased by: | | | |
| Allowable Deductions per | | | |
| Tax Billings | A- 7 | \$ | 91,250.00 |
| 2008 Sr. Citizens and Vet. | | | |
| Ded. Allowed by Collector | A- 7 | <u>3,750.00</u> | |
| | | | <u>95,000.00</u> |
| | | | 155,743.03 |
| Decreased by: | | | |
| Collected | A- 4 | 92,906.28 | |
| 2008 Sr. Citizens and Vet. | | | |
| Ded. Disallowed by Collector | A- 7 | <u>2,129.97</u> | |
| | | | <u>95,036.25</u> |
| Balance - June 30, 2008 | A | <u>\$</u> | <u>60,706.78</u> |
| Analysis of Sr. Citizens & Veterans | | | |
| <u>Deductions Allowed - 2008 Taxes</u> | | | |
| Per Tax Billings | A- 7 | \$ | 91,250.00 |
| Allowed (Disallowed) by Tax Collector (Net) | A- 7 | <u>1,620.03</u> | |
| | A- 7 | <u>\$</u> | <u>92,870.03</u> |

| Ref. | Total | FY 09 Prepaid | FY 08 Current | Prior Years Delinquent | Health Hazard Liens | Tax Liens | Property Acquired for Taxes |
|---|-----------------|------------------|------------------|---------------------------|------------------------|--------------|-----------------------------------|
| Balance 6/30/07 | \$ 263,544.37 | \$ | | \$ 9,381.95 | \$ | \$ 31,262.42 | \$ 272,900.00 |
| Billings / Levy: | | | | | | | |
| Original Levy | 14,272,032.48 | | 14,272,032.48 | | | | |
| Added & Omitted | 27,524.62 | | 27,524.62 | | | | |
| TTL Interest & Costs | | | | | | | |
| Remitted/Canceled Taxes | (52,194.18) | | (20,364.04) | (5,592.36) | | (26,237.78) | |
| Transfers | | | | | | | |
| Tax Lien | | | | | | | |
| Revenue | | | | | | | |
| Sr Citizens & Vets | (92,870.03) | | (92,870.03) | | | | |
| Cash Receipts | (14,195,137.26) | | (14,186,323.03) | (3,789.59) | | (5,024.64) | |
| Miscellaneous Revenue Not Anticipated | | | | | | | |
| Balance 6/30/08 | \$ 222,900.00 | \$ | \$ | \$ | \$ | \$ | \$ 222,900.00 |

| | Ref. | A | A, A-7 | A | A | A | A |
|--|------|----------------------|--------------|---|---|--|--------------------|
| <u>Analysis of 2008 Property Tax Levy:</u> | | | | | | | |
| Tax Yield: | | | | | | | |
| General Purpose Tax | \$ | 14,272,032.48 | Ref. A-13 | | | Current Taxes Realized: Sr. Citizens & Vets Cash Receipts | Ref. A-7 A-7 |
| Add Taxes | | <u>27,524.62</u> | A-13 | | | | |
| | \$ | <u>14,299,557.10</u> | A-13 | | | Subtotal | A-1 |
| | | | A-13 | | | Res. For Uncoll. Tax | A-3 |
| | | | A-13 | | | <u>Less:</u> | |
| | | | | | | Excess Non Municipal | |
| | | | | | | Billings | A |
| | | | | | | | |
| | | | | | | Allocated to School and County | A-13 |
| | \$ | <u>14,299,557.10</u> | | | | | |
| | | | | | | | A-2 |
| | | | | | | | \$ |
| | | | | | | | 7,806,797.52 |

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLES

| | 6/30/07 | Accrued/ Adjustments | Cash Receipts | Adjustments | 6/30/08 |
|--|--------------|-------------------------|------------------|-------------|-----------|
| Revenue Accounts Receivable: | | | | | |
| Fines and Costs - Municipal Court | \$ 42,133.11 | \$ 565,936.41 | \$ 553,403.19 | \$ | 54,666.33 |
| | 42,133.11 | 565,936.41 | 553,403.19 | - | 54,666.33 |
| Miscellaneous Revenues Not Anticipated: | | | | | |
| Senior Citizens & Veterans Deduction - Admin Fee | | 1,858.00 | 1,858.00 | | |
| State of NJ Fines | | 2,810.00 | 2,810.00 | | |
| Insurance Claims and Reimbursements | | 1,000.00 | 1,000.00 | | |
| Health Hazard Liens | | 2,820.00 | 2,820.00 | | |
| Miscellaneous & Refunds | | 48,808.68 | 48,808.68 | | |
| | | 57,296.68 | 57,296.68 | | |
| A-1,A-2,A-4 | | | | | |
| Total..... | \$ 42,133.11 | \$ 623,233.09 | \$ 610,699.87 | \$ - | 54,666.33 |
| Ref. | A | Reserve | Reserve | | A |

SCHEDULE OF DEFERRED CHARGES

| | <u>Date Authorized</u> | | <u>BALANCE JUNE 30, 2007</u> | <u>RAISED IN SFY 2008 BUDGET</u> | <u>AMOUNT RESULTING IN 2008</u> | <u>BALANCE JUNE 30, 2008</u> |
|--|------------------------|----|----------------------------------|--------------------------------------|---|----------------------------------|
| | | | | | | |
| Special Emergency Authorization Revaluation | 9/15/05 | \$ | 232,000.00 | \$ | 58,000.00 | \$ 174,000.00 |
| | | | | | | |
| | | \$ | <u>232,000.00</u> | \$ | <u>58,000.00</u> | <u>\$ 174,000.00</u> |
| | <u>Ref.</u> | A | | A-3 | A-3 | A |

| | | | | | |
|-------------|---|----------------------|-----|-----|----------------------|
| Receivables | A | \$ (6,788.02) | A-4 | A-4 | |
| Payables | A | <u>446,812.18</u> | | | (\$7,635.84) |
| | | | | | <u>\$ 910,753.15</u> |
| | | | | | |
| | | <u>\$ 440,024.16</u> | | | <u>\$ 903,117.31</u> |

SCHEDULE OF 2007 APPROPRIATION RESERVES

| | BALANCE JUNE 30, 2007 | RESERVE FOR ENCUMB. | BALANCE AFTER MODIFICATION | PAID OR CHARGED | BALANCE LAPSED |
|------------------------------------|-----------------------------|---------------------------|----------------------------------|--------------------|-------------------|
| Operations Within "CAPS" | | | | | |
| General Government | | | | | |
| Borough Council | | | | | |
| Salaries and Wages | 15.00 \$ | \$ | 15.00 \$ | \$ | 15.00 |
| Other Expenses | 183.85 | 1,335.37 | 1,519.22 | 1,136.55 | 382.67 |
| Office of Borough Manager | | | | | |
| Salaries and Wages | 3,372.99 | | 2,372.99 | | 2,372.99 |
| Other Expenses | 1,106.42 | 3,997.32 | 8,603.74 | 4,065.99 | 4,537.75 |
| Office of the Borough Clerk | | | | | |
| Salaries and Wages | 1,180.49 | | 680.49 | | 680.49 |
| Other Expenses | 6,176.40 | 1,214.50 | 5,290.90 | (6,950.65) | 12,241.55 |
| Legal Services and Costs | | | | | |
| Other Expenses | 15,196.49 | 29,058.09 | 44,254.58 | 42,790.92 | 1,463.66 |
| Elections | | | | | |
| Other Expenses | 3,000.00 | | 500.00 | 499.77 | 0.23 |
| Total General Government | 30,231.64 | 35,605.28 | 63,236.92 | 41,542.58 | 21,694.34 |
| Department of Finance | | | | | |
| Office of Director of Finance | | | | | |
| Salaries and Wages | 1,396.79 | | 896.79 | | 896.79 |
| Other Expenses | 1,584.57 | 290.00 | 1,874.57 | 1,801.59 | 72.98 |
| Other Expenses Annual Audit | 8,500.00 | 28,500.00 | 37,000.00 | 37,000.00 | |
| Division of Tax Collector | | | | | |
| Salaries and Wages | 3,311.73 | | 811.73 | | 811.73 |
| Other Expenses | 1,928.78 | 1,352.47 | 2,281.25 | 1,418.95 | 862.30 |
| Division of Assessment | | | | | |
| Salaries and Wages | 1,471.12 | | 471.12 | | 471.12 |
| Other Expenses | 4,697.86 | 55.00 | 2,752.86 | 30.89 | 2,721.97 |
| Total Department of Finance | 22,890.85 | 30,197.47 | 46,088.32 | 40,251.43 | 5,836.89 |

SCHEDULE OF 2007 APPROPRIATION RESERVES

| | <u>BALANCE JUNE 30, 2007</u> | <u>RESERVE FOR ENCUMB.</u> | <u>BALANCE AFTER MODIFICATION</u> | <u>PAID OR CHARGED</u> | <u>BALANCE LAPSED</u> |
|---|--------------------------------------|------------------------------------|---|----------------------------|---------------------------|
| Department of Public Safety | | | | | |
| Division of Police Bureau of Traffic and Patrol | | | | | |
| Police Salaries and Wages | 62,263.69 | \$ | 85,263.69 | 85,000.00 | 263.69 |
| Dispatcher Salaries and Wages | 2,374.69 | | 1,374.69 | | 1,374.69 |
| Other Expenses: Police | 3,990.97 | 19,038.10 | 22,529.07 | 19,903.13 | 2,625.94 |
| Detective Bureau | | | | | |
| Other Expenses | 101.78 | 2,927.46 | 3,029.24 | 3,029.24 | |
| Bureau of Street Crossing Guards | | | | | |
| Salaries and Wages | 414.30 | | 414.30 | | 414.30 |
| Other Expenses | 477.00 | | 477.00 | | 477.00 |
| Total Department of Public Safety | <u>69,622.43</u> | <u>21,965.56</u> | <u>113,087.99</u> | <u>107,932.37</u> | <u>5,155.62</u> |
| Division of Fire | | | | | |
| Emergency Medical Services | | | | | |
| Other Expenses | 80.89 | 7,327.92 | 8,708.81 | 7,245.99 | 1,462.82 |
| Fire Department | | | | | |
| Other Expenses | 104.24 | 22,296.94 | 22,401.18 | 17,733.67 | 4,667.51 |
| Total Division of Fire | <u>185.13</u> | <u>29,624.86</u> | <u>31,109.99</u> | <u>24,979.66</u> | <u>6,130.33</u> |
| Uniform Construction Code | | | | | |
| Code Enforcement | | | | | |
| Salaries and Wages | 22,224.07 | | 27,224.07 | 27,000.00 | 224.07 |
| Other Expenses | 510.84 | 867.00 | 1,377.84 | 409.77 | 968.07 |
| Uniform Safety Act | | | | | |
| Salaries and Wages | 2,313.06 | | 813.06 | | 813.06 |
| Other Expenses | 7,440.77 | 545.00 | 5,485.77 | 306.60 | 5,179.17 |
| Total Uniform Construction Code | <u>32,488.74</u> | <u>1,412.00</u> | <u>34,900.74</u> | <u>27,716.37</u> | <u>7,184.37</u> |

SCHEDULE OF 2007 APPROPRIATION RESERVES

| | <u>BALANCE JUNE 30, 2007</u> | <u>RESERVE FOR ENCUMB.</u> | <u>BALANCE AFTER MODIFICATION</u> | <u>PAID OR CHARGED</u> | <u>BALANCE LAPSED</u> |
|---|--------------------------------------|------------------------------------|---|----------------------------|---------------------------|
| Department of Engineering and Public Works | | | | | |
| Division of Engineering | | | | | |
| Other Expenses | 17,694.12 | 10,269.72 | 27,963.84 | 9,586.99 | 18,376.85 |
| Division of Streets and Roads | | | | | |
| Salaries and Wages | 25,074.79 | | 37,574.79 | 34,627.43 | 2,947.36 |
| Other Expenses | 643.51 | 22,009.24 | 22,652.75 | 22,652.75 | |
| Division of Snow Removal | | | | | |
| Salaries and Wages | 843.19 | | 843.19 | | 843.19 |
| Other Expenses | 2,615.17 | 3,350.00 | 5,965.17 | 3,350.00 | 2,615.17 |
| Division of Parking Meter Maintenance | | | | | |
| Salaries and Wages | 3,951.00 | | 451.00 | | 451.00 |
| Other Expenses | 745.65 | | 745.65 | | 745.65 |
| Division of Building and Grounds | | | | | |
| Other Expenses | | 2,381.45 | 2,381.45 | 1,767.61 | 613.84 |
| Municipal Garage | | | | | |
| Salaries and Wages | 1,072.55 | | 1,072.55 | | 1,072.55 |
| Other Expenses | 8,766.12 | 15,840.98 | 24,607.10 | 11,043.14 | 13,563.96 |
| Sanitation | | | | | |
| Contract | 54,954.42 | | 52,454.42 | 47,942.16 | 4,512.26 |
| Landfill Solid Waste Disposal Fees | 41,905.55 | 3,300.00 | 45,205.55 | 40,920.97 | 4,284.58 |
| Total Engineering and Public Works | <u>158,266.07</u> | <u>57,151.39</u> | <u>221,917.46</u> | <u>171,891.05</u> | <u>50,026.41</u> |
| Department of Health and Welfare | | | | | |
| Division of Health | | | | | |
| Salaries and Wages | 416.27 | | 416.27 | | 416.27 |
| Other Expenses | 4,114.80 | | 4,114.80 | 4,114.80 | |
| Dog Regulation | 940.95 | | 940.95 | 940.95 | |
| Total Department of Health and Welfare | <u>5,472.02</u> | | <u>5,472.02</u> | <u>5,055.75</u> | <u>416.27</u> |

SCHEDULE OF 2007 APPROPRIATION RESERVES

| | BALANCE JUNE 30, 2007 | RESERVE FOR ENCUMB. | BALANCE AFTER MODIFICATION | PAID OR CHARGED | BALANCE LAPSED |
|---|-----------------------------|---------------------------|----------------------------------|--------------------|-------------------|
| Department of Recreation Parks and Playgrounds | | | | | |
| Division of Recreation Parks and Playgrounds | | | | | |
| Salaries and Wages | 5,192.36 \$ | | 1,692.36 | | 1,692.36 |
| Other Expenses | 241.51 | 9,542.22 | 9,783.73 | 8,884.26 | 899.47 |
| Celebration of Public Events | | | | | |
| Other Expenses | 327.14 | 2,590.00 | 2,917.14 | 1,474.41 | 1,442.73 |
| Historical Society | | | | | |
| Other Expenses | 254.66 | 1,511.18 | 1,765.84 | 712.00 | 1,053.84 |
| Total Department of Recreation Parks and Playgrounds | 6,015.67 | 13,643.40 | 16,159.07 | 11,070.67 | 5,088.40 |
| Municipal Prosecutor | | | | | |
| Salaries and Wages | 576.85 | | 576.85 | | 576.85 |
| Total Municipal Prosecutor | 576.85 | | 576.85 | | 576.85 |
| Other Municipal Operations: | | | | | |
| Municipal Land Use Law (N.J.S.A. 40:55D-1) | | | | | |
| Planning Board of Adjustment | | | | | |
| Salaries and Wages | 23,126.00 | | 23,126.00 | 21,000.00 | 2,126.00 |
| Other Expenses | 6.78 | | 6.78 | | 6.78 |
| Emergency Management Services | | | | | |
| Salaries and Wages | 193.00 | | 193.00 | | 193.00 |
| Other Expenses | | | | | |
| Total Other Municipal Operations | 23,325.78 | | 23,325.78 | 21,000.00 | 2,325.78 |
| Insurances: N.J.S.A. 40A:4-45.3(00) | | | | | |
| Group Insurance Plan or Employees | | | | | |
| Worker's Compensation | 15,846.00 | 95.00 | 15,941.00 | 15,941.00 | |
| Other Insurance - Liability Insurance | | 3,855.88 | 3,855.88 | | 3,855.88 |
| Other Employees Insurances - Group | 5,471.59 | | 5,471.59 | 5.00 | 5,466.59 |
| Total Insurances | 21,317.59 | 3,950.88 | 25,268.47 | 15,946.00 | 9,322.47 |
| Senior Citizens | | | | | |
| Senior Center | | | | | |
| Other Expenses | 1,235.00 | | 735.00 | | 735.00 |
| Transportation of Senior Citizens | | | | | |
| Other Expenses | | 231.60 | 231.60 | 231.60 | |

SCHEDULE OF 2007 APPROPRIATION RESERVES

| | BALANCE JUNE 30, 2007 | RESERVE FOR ENCUMB. | BALANCE AFTER MODIFICATION | PAID OR CHARGED | BALANCE LAPSED |
|---|-----------------------------|---------------------------|----------------------------------|--------------------|-------------------|
| Total Senior Citizens | <u>1,235.00</u> | <u>231.60</u> | <u>966.60</u> | <u>231.60</u> | <u>735.00</u> |
| Municipal Court | | | | | |
| Salaries and Wages | 3,797.47 | | 1,197.47 | | 1,197.47 |
| Other Expenses | <u>2,476.31</u> | <u>2,339.70</u> | <u>3,316.01</u> | <u>2,321.95</u> | <u>994.06</u> |
| Total Municipal Court | <u>6,273.78</u> | <u>2,339.70</u> | <u>4,513.48</u> | <u>2,321.95</u> | <u>2,191.53</u> |
| P.E.O.S.H.A. | | | | | |
| Board of Health | | | | | |
| Other Expenses | <u>1,930.00</u> | <u>544.00</u> | <u>1,474.00</u> | <u>304.00</u> | <u>1,170.00</u> |
| Total P.E.O.S.H.A. | <u>1,930.00</u> | <u>544.00</u> | <u>1,474.00</u> | <u>304.00</u> | <u>1,170.00</u> |
| Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17) | | | | | |
| State Uniform Construction Code Officials | | | | | |
| Salaries and Wages | 5,000.00 | | 5,000.00 | 5,000.00 | |
| Other Expenses | <u>1,100.97</u> | <u>1,109.00</u> | <u>2,209.97</u> | <u>1,006.60</u> | <u>1,203.37</u> |
| Total State Uniform Construction Code Officials | <u>6,100.97</u> | <u>1,109.00</u> | <u>7,209.97</u> | <u>6,006.60</u> | <u>1,203.37</u> |
| UNCLASSIFIED: | | | | | |
| Alliance Grant-Salaries and Wages | 4,000.00 | | 4,000.00 | | 4,000.00 |
| Alliance Grant-Other Expenses | <u>4,768.48</u> | | <u>4,768.48</u> | | <u>4,768.48</u> |
| Utilities | | | | | |
| Electric | 82.49 | 2,021.78 | 2,104.27 | 2,044.19 | 60.08 |
| Street Lighting | 1,219.16 | | 1,219.16 | | 1,219.16 |
| Telephone | 0.02 | 1,189.15 | 1,189.17 | 1,189.15 | 0.02 |
| Natural Gas | 5,662.13 | 387.66 | 4,799.79 | 463.65 | 4,336.14 |
| Telecommunications Costs | | | | | |
| Gasoline & Fuel Oil | <u>8,935.54</u> | | <u>7,685.54</u> | <u>644.88</u> | <u>7,040.66</u> |
| Total Unclassified | <u>24,667.82</u> | <u>3,598.59</u> | <u>25,766.41</u> | <u>4,341.87</u> | <u>21,424.54</u> |
| Total Operations within "CAPS" | <u>410,600.34</u> | <u>201,373.73</u> | <u>621,074.07</u> | <u>480,591.90</u> | <u>140,482.17</u> |
| Deferred Charges and Statutory Expenditures- Municipal within "CAPS" | | | | | |

SCHEDULE OF 2007 APPROPRIATION RESERVES

| STATUTORY EXPENDITURES; | | | | | |
|--|-----------------------------|---------------------------|----------------------------------|--------------------|-------------------|
| Social Security System (O.A.S.I.) | | | | | |
| | BALANCE JUNE 30, 2007 | RESERVE FOR ENCUMB. | BALANCE AFTER MODIFICATION | PAID OR CHARGED | BALANCE LAPSED |
| | 16,546.22 | | 8,546.22 | | 8,546.22 |
| Total Deferred Charges and Statutory Expenditures - Municipal within "CAPS" | <u>16,546.22</u> | | <u>8,546.22</u> | | <u>8,546.22</u> |
| Total General Appropriations for Municipal Purposes within "CAPS" | <u>427,146.56</u> | <u>201,373.73</u> | <u>629,620.29</u> | <u>480,591.90</u> | <u>149,028.39</u> |
| Operations - Excluded from "CAPS" | | | | | |
| Police | | | | | |
| Other Expenses | 5,232.74 | | 4,132.74 | | 4,132.74 |
| Statutory Expenditures Contribution To: | | | | | |
| PFPS | 1,216.80 | | 1,216.80 | | 1,216.80 |
| Municipal Library | 3,208.89 | | 3,208.89 | | 3,208.89 |
| Salaries and Wages | 4,499.73 | 1,795.48 | 6,295.21 | 2,602.28 | 3,692.93 |
| Other Expenses | | | | | |
| | <u>14,158.16</u> | <u>1,795.48</u> | <u>14,853.64</u> | <u>2,602.28</u> | <u>12,251.36</u> |
| Total Other Operations - Excluded from "CAPS" | | | | | |
| Public and Private Programs Offset by Revenues | | | | | |
| Matching Funds for Grants | 3,000.00 | | 3,000.00 | | 3,000.00 |
| Total Public and Private Programs Offset by Revenues | | | | | |
| Total Operations - Excluded from "CAPS" | <u>3,000.00</u> | | <u>3,000.00</u> | | <u>3,000.00</u> |

SCHEDULE OF 2007 APPROPRIATION RESERVES

**Total General Appropriations for Municipal Purposes
Excluded from "CAPS"**

Total Appropriation Reserves

| | BALANCE JUNE 30, 2007 | RESERVE FOR ENCUMB. | BALANCE AFTER MODIFICATION | PAID OR CHARGED | BALANCE LAPSED |
|-------------|-----------------------------|---------------------------|----------------------------------|----------------------|----------------------|
| | <u>17,158.16</u> | <u>1,795.48</u> | <u>17,853.64</u> | <u>2,602.28</u> | <u>15,251.36</u> |
| | <u>\$ 444,304.72</u> | <u>\$ 203,169.21</u> | <u>\$ 647,473.93</u> | <u>\$ 483,194.18</u> | <u>\$ 164,279.75</u> |
| <u>Ref.</u> | A | A | | A-4 | A-1 |

CURRENT FUND
SCHEDULE OF PROPERTY TAX OVERPAYMENTS

| | <u>Ref.</u> | | |
|--------------------------------|-------------|------------------|------------------------|
| Balance - 6/30/07..... | A | \$ | 201.72 |
| Increased By: | | | |
| Transfer from Taxes Receivable | A-4 | <u>60,025.00</u> | 60,025.00 |
| Decreased By: | | | |
| Cash Payments - Refunds | A-4 | <u>55,080.27</u> | <u>55,080.27</u> |
| Balance - 6/30/08..... | A | \$ | <u><u>5,146.45</u></u> |

CURRENT FUND
SCHEDULE OF TAXES PAYABLE

| | 6/30/07 | Taxes Levied | Cash Disbursements | 6/30/08 |
|----------------------------------|---------|-----------------|-----------------------|---------|
| County - General..... | \$ - | \$ 1,827,493.26 | \$ (1,827,493.26) | \$ - |
| County - Library..... | | 104,623.70 | (104,623.70) | |
| County - Added & Omitted..... | | 3,892.44 | (3,892.44) | |
| County - Open Space..... | | 118,276.84 | (118,276.84) | |
| Local School District Taxes..... | | 4,473,434.00 | (4,473,429.04) | 4.96 |
| Total..... | \$ - | \$ 6,527,720.24 | \$ (6,527,715.28) | \$ 4.96 |
| <u>Ref.</u> | A | A-1, A-7 | A-4 | A |

CURRENT FUND
SCHEDULE OF VARIOUS ACCOUNTS PAYABLES & RESERVES

| | 6/30/07 | Transfer from/(to) Budget | Cash Receipts | Cash Disbursements | 6/30/07 |
|-----------------------------------|---------------|------------------------------|------------------|-----------------------|--------------|
| Accounts Payable: | | | | | |
| Vendor Accounts Payable..... | \$ 112,912.33 | \$ 3,584.13 | | \$ (112,912.33) | \$ 3,584.13 |
| Marriage License Filing Fees..... | 915.00 | | 100.00 | | 1,015.00 |
| State Training Fees..... | - | | | | - |
| Domestic Partnership..... | - | | | | - |
| Due to Outside Lien Holders..... | 25,631.40 | | | (25,631.40) | - |
| Subtotal | 139,458.73 | 3,584.13 | 100.00 | (138,543.73) | 4,599.13 |
| Reserve for: | | | | | |
| Revaluation..... | 32,214.75 | | | | 32,214.75 |
| Insurance Claims..... | 1,384.47 | | | | 1,384.47 |
| Subtotal | 33,599.22 | | | | 33,599.22 |
| Total..... | \$ 173,057.95 | \$ 3,584.13 | \$ 100.00 | \$ (138,543.73) | \$ 38,198.35 |
| | <u>Ref.</u> A | A-3 | A-4 | A-4 | A |

SCHEDULE OF STATE AND FEDERAL GRANTS
RECEIVABLE - GRANT FUND

| <u>PROGRAM</u> | <u>BALANCE</u> <u>JUNE 30, 2007</u> | <u>2008</u> <u>BUDGET</u> <u>REVENUE</u> | <u>CASH</u> <u>RECEIPTS</u> | <u>UNAPPROPRIATED</u> <u>REALIZED</u> | <u>BALANCE</u> <u>JUNE 30, 2008</u> |
|----------------------------------|--|--|--------------------------------|--|--|
| Total Federal Programs | | | | | |
| Over the Limit and Under Arrest | | <u>5,000.00</u> | <u>5,000.00</u> | | |
| Total Federal Programs | | <u>5,000.00</u> | <u>5,000.00</u> | | |
| State Programs | | | | | |
| ADA Compliance | \$ 4,199.00 | \$ | \$ | \$ | 4,199.00 |
| Safe & Secure Grant | 15,000.00 | 58,019.00 | 15,000.00 | | 58,019.00 |
| Drunk Driving Enforcement Funds | | 4,512.33 | | | 4,512.33 |
| Clean Communities Grant | | 11,568.40 | | | 11,568.40 |
| Municipal Stormwater Grant | 2,552.00 | | | | 2,552.00 |
| Smart Growth | 25,000.00 | | | | 25,000.00 |
| Recreational Trails Program | | <u>2,001.81</u> | | <u>2,001.81</u> | |
| Total State Programs | <u>46,751.00</u> | <u>76,101.54</u> | <u>15,000.00</u> | <u>2,001.81</u> | <u>105,850.73</u> |
| County Programs | | | | | |
| Monmouth County - Alliance Grant | | | | | |
| All Years | <u>11,691.00</u> | <u>43,082.00</u> | <u>27,829.00</u> | | <u>26,944.00</u> |
| Total County Programs | <u>11,691.00</u> | <u>43,082.00</u> | <u>27,829.00</u> | | <u>26,944.00</u> |
| Total Grants | <u>\$ 58,442.00</u> | <u>\$ 124,183.54</u> | <u>\$ 47,829.00</u> | <u>\$ 2,001.81</u> | <u>\$ 132,794.73</u> |
| <u>Ref.</u> | <u>A</u> | <u>A-2</u> | <u>A-4</u> | <u>A-18</u> | <u>A</u> |

SCHEDULE OF DUE FROM CURRENT FUND
GRANT FUND

| | <u>Ref.</u> | |
|-----------------------|-------------|--|
| Balance June 30, 2007 | A | \$ 6,950.86 |
| Increased by: | | |
| Local Matching Funds | A-17 | <div style="border-top: 1px solid black;">10,771.00</div> |
| | | 17,721.86 |
| Decreased by: | | |
| Cash Received | | <div style="border-top: 1px solid black;">10,771.00</div> |
| | | 17,721.86 |
| Balance June 30, 2008 | A | <div style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 6,950.86</div> |

SCHEDULE OF RESERVE FOR STATE AND FEDERAL GRANTS - APPROPRIATED
GRANT FUND

| GRANT/AID PROGRAM | | BALANCE JUNE 30, 2007 | ENC. JUNE 30, 2007 | TRANSFERRED FROM 2008 BUDGET | PAID OR CHARGED | ENC. JUNE 30, 2008 | BALANCE JUNE 30, 2008 |
|---|-----------|--------------------------|-----------------------|------------------------------------|----------------------|-----------------------|--------------------------|
| Federal Grants | | | | | | | |
| Over the Limit Under Arrest | 2007-2008 | \$ | \$ | \$ | \$ | \$ | \$ |
| COPS Universal Hiring | 1997-1998 | 37,319.55 | | 5,000.00 | 37,319.55 | | 5,000.00 |
| Local Law Enforcement Block Grant | 2002 | 1,475.13 | | | 1,475.13 | | |
| Total Federal Grants | | <u>38,794.68</u> | | <u>5,000.00</u> | <u>38,794.68</u> | | <u>5,000.00</u> |
| State Grants | | | | | | | |
| Safe & Secure Grant | | 30,000.00 | | 58,019.00 | 15,000.00 | | 73,019.00 |
| Smart Growth Grant | | 7,500.00 | | | 7,500.00 | | 7,598.96 |
| Recycling Tonnage Grant | | 7,598.96 | | 4,512.33 | 1,364.76 | | 3,147.57 |
| Drunk Driving Enforcement Fund | | | | | | | |
| Clean Communities | 2005-2006 | | | | | | 441.05 |
| Clean Communities | 2006-2007 | 441.05 | | 11,568.40 | 11,568.40 | | 172.37 |
| Clean Communities | 2007-2008 | | | | | | 1,810.88 |
| Body Armor | 2006-2007 | 172.37 | | | 813.00 | | 4,199.00 |
| Body Armor | 2003-2004 | 123.88 | 2,500.00 | | | | 2,001.81 |
| ADA Compliance | 2007-2008 | 4,199.00 | | 2,001.81 | | | 4,969.90 |
| Recreational Trails program | | | | | | | 88.85 |
| Special Legislative Grant | | | | | | | 78.19 |
| Marina Facility | 1998-1999 | 4,969.90 | | | | | 180.00 |
| Police Department | 1998-1999 | 88.85 | 2,500.00 | | | | 114.54 |
| H.S.D.R. Bayshore Oil | | 78.19 | | | | | 366.22 |
| Fire Department Equipment | 1999-2000 | 180.00 | | | | | 12,082.75 |
| Water Vessel | | 114.54 | | | | | 303.00 |
| Borough Hall | | 366.22 | | | | | 1,466.16 |
| Emergency Generator | 2000-2001 | 12,082.75 | 80.00 | | | | |
| Public Works Equipment | 2000-2001 | 303.00 | | | | | |
| Alcoholic Education | 2001-2002 | 1,466.16 | | | | | |
| Total State Grants | | <u>69,684.87</u> | <u>5,080.00</u> | <u>76,101.54</u> | <u>36,246.16</u> | | <u>114,620.25</u> |
| County Grants (Pass Through) | | | | | | | |
| Monmouth County- Municipal Alliance Grant | | 8,892.59 | 165.00 | 53,853.00 | 45,293.99 | | 17,616.60 |
| Total County Grants | | <u>8,892.59</u> | <u>165.00</u> | <u>53,853.00</u> | <u>45,293.99</u> | | <u>17,616.60</u> |
| Grand Total | | <u>\$ 117,372.14</u> | <u>\$ 5,245.00</u> | <u>\$ 134,954.54</u> | <u>\$ 120,334.83</u> | <u>\$</u> | <u>\$ 137,236.85</u> |
| Ref. | | A | A | A-16 | A-4 | - | A |

SCHEDULE OF RESERVE FOR STATE AND FEDERAL GRANTS
UNAPPROPRIATED GRANT FUND

| <u>GRANTS</u> | <u>BALANCE</u> <u>JUNE 30, 2007</u> | <u>RECEIPTS</u> | <u>TRANSFER</u> <u>TO</u> <u>APPROPRIATED</u> | <u>EXPENDED</u> | <u>BALANCE</u> <u>JUNE 30, 2008</u> |
|-------------------------------------|--|---------------------|---|--------------------|--|
| Drunk Driving Enforcement Fund | \$ 2,406.86 | \$ 2,423.52 | \$ | \$ | 4,830.38 |
| Recycling Tonnage Grant | | 3,125.94 | | | 3,125.94 |
| Cleam Communities Program | | 12,058.22 | | 4,626.91 | 7,431.31 |
| Body Armor | 3,104.44 | 3,655.40 | | | 6,759.84 |
| Local Law Enforcement Block Grants: | | | | | |
| 2002 LBBX - Interest | 314.08 | 71.02 | | 97.38 | 287.72 |
| Recreational Trails Program | 2,001.81 | | 2,001.81 | | |
| Municipality Road Mileage | 11,568.40 | | | | 11,568.40 |
| Smart Futures | 117.00 | | | | 117.00 |
| | <u>\$ 19,512.59</u> | <u>\$ 21,334.10</u> | <u>\$ 2,001.81</u> | <u>\$ 4,724.29</u> | <u>\$ 34,120.59</u> |
| <u>Ref.</u> | A | A-4 | A-15 | A-4 | A |

TRUST FUND

STATEMENT OF CASH
ANIMAL CONTROL AND OTHER TRUST FUNDS

| | REF. | ANIMAL CONTROL FUND | OTHER TRUST FUND |
|-------------------------------------|----------|---------------------|-------------------|
| Balance - June 30, 2007 | | \$ 7,253.71 | \$ 565,909.64 |
| Increased by Receipts: | | | |
| Animal Control Fees | B-3 | \$ 2,232.00 | |
| State Fees | B-2 | 602.40 | |
| Due from Health Dept. | B | 19.60 | |
| Receipts of Various Trust Fund | | | |
| Deposits & Reserves | B-4 | | \$ 420,327.98 |
| Interest | B-3 | 143.56 | |
| | | <u>2,997.56</u> | <u>420,327.98</u> |
| Decreased by Disbursements: | | | |
| Due to the State of New Jersey | | 10,251.27 | 986,237.62 |
| Accounts receivable - Off Duty | B-2 | 595.20 | |
| Disbursements of Various Trust Fund | B | | 222.87 |
| Deposits & Reserves | B-3, B-4 | 73.60 | 551,975.51 |
| | | <u>668.80</u> | <u>552,198.38</u> |
| Balance - June 30, 2008 | | | |
| Cash | B | \$ 9,582.47 | \$ 434,039.24 |
| Change Fund | B | 50.00 | |
| | | <u>\$ 9,632.47</u> | |

Exhibit - B-2

ANIMAL CONTROL FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY

| | <u>Ref.</u> | |
|---------------------------------|-------------|------------------------|
| Balance - June 30, 2007 | B | 25.80 |
| Increased by: | | |
| State Fees Collected | B-1 | <u>\$ 602.40</u> |
| | | 628.20 |
| Decreased by: | | |
| Payments to State of New Jersey | B-1 | <u>595.20</u> |
| Balance - June 30, 2008 | B | <u><u>\$ 33.00</u></u> |

Exhibit - B-3

ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

| | <u>Ref.</u> | |
|-----------------------------------|-------------|---------------------------|
| Balance - June 30, 2007 | B | \$ 4,976.20 |
| Increased by: | | |
| Animal Control Fees | B-1 | \$ 2,232.00 |
| Interest | B-1 | <u>143.56</u> |
| | | <u>2,375.56</u> |
| Decreased by: | | |
| Cash Disbursements | B-1 | 73.60 |
| Expenditures Paid by Current Fund | B | 847.72 |
| Reserve for Encumbrances | B | <u>4,203.36</u> |
| | | <u>5,124.68</u> |
| Balance - June 30, 2008 | B | <u><u>\$ 2,227.08</u></u> |

License Fees Collected:

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------------------|
| 2005-2006 | \$ 2,503.00 |
| 2006-2007 | <u>2,021.00</u> |
| | <u><u>\$ 4,524.00</u></u> |

Note: R.S. 4:19.11

" there shall be transferred from such special account to the general funds of the municipality any amount then in such special account which is in excess of the total amount paid into such special account during the last two fiscal years next preceding."

OTHER TRUST FUNDS
SCHEDULE OF TRUST FUND DEPOSITS AND RESERVES

| | Balance June 30, 2007 | 2007 Encumbrances | Cash..... | Receipts | Disbursements | 2008 Encumbrances | Balance June 30, 2008 |
|-------------------------------------|--------------------------|----------------------|-----------|-------------------|----------------------|----------------------|--------------------------|
| Due Current Fund | \$ 4,466.71 | | \$ | 0.10 | | | 4,466.81 |
| Street Opening Deposits | 16,440.00 | | | | | | 16,440.00 |
| Tax Sale Premium | 107,500.00 | | | 25,300.00 | 55,300.00 | | 77,500.00 |
| Omni Lease Deposit | 1,200.00 | | | | | | 1,200.00 |
| Property Sale Deposits | 100.00 | | | | | | 100.00 |
| Recycling | 4,040.34 | | | 14,395.39 | 10,969.46 | | 7,466.27 |
| Recreation Activities & Programs | 5,942.49 | | | 6,123.15 | 5,641.31 | | 6,424.33 |
| Art Program | | | | 2,712.50 | | | 2,712.50 |
| Town Parades | 4,105.00 | | | | 4,050.00 | | 55.00 |
| Tree Beautification | 500.00 | | | | | | 500.00 |
| Library Fees | 1,915.65 | | | 1,840.37 | 1,433.93 | | 2,322.09 |
| Public Defender Fees | 43,238.70 | | | 10,507.00 | 8,333.40 | | 45,412.30 |
| Alliance | 116.21 | | | | | | 116.21 |
| POAA | 15,060.04 | | | 4,498.00 | 4,000.00 | | 15,558.04 |
| Off Duty Police | 13,244.21 | | | 113,040.85 | 114,816.51 | | 11,468.55 |
| Forfeiture Funds | 2,984.76 | | | | | | 2,984.76 |
| Law Enforcement Trust | 11,290.17 | | | 27,864.12 | 30,345.00 | | 8,809.29 |
| Unemployment Compensation Insurance | 66,659.40 | | | 17,273.02 | 28,763.14 | | 55,169.28 |
| Escrow Deposits | 69,015.59 | 6,437.19 | | 70,766.96 | 75,452.78 | | 70,766.96 |
| Performance Bonds/Engineering Fees | 152,739.87 | | | 105,562.44 | 152,739.87 | | 105,562.44 |
| Workers Compensation | 41,031.44 | | | 20,444.08 | 60,130.11 | | 1,345.41 |
| Total | \$ 561,590.58 | \$ 6,437.19 | \$ | 420,327.98 | \$ 551,975.51 | \$ - | \$ 436,380.24 |
| Ref. | B | B | | B-1 | B-1 | B | B |
| Due Current Fund | \$ 4,466.71 | | | | | | \$ 4,466.81 |
| Trust Fund Reserves and Deposits | 557,123.87 | | | | | | 431,913.43 |
| | <u>\$ 561,590.58</u> | | | | | | <u>\$ 436,380.24</u> |

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL CAPITAL FUND CASH
AND INVESTMENTS - TREASURER

| | <u>REF.</u> | | |
|--|-------------|----|--------------------------|
| Balance - June 30, 2007 | C | \$ | 439,011.24 |
| Increased by Receipts: | | | |
| Redemption of Bond Anticipation Notes | C-10 | \$ | 2,924,608.00 |
| State, Federal, Local Grants Receivables | C-4 | | 262,394.57 |
| Budget Appropriations - | | | |
| Capital Improvement Fund | C-15 | | 60,000.00 |
| Premium on Note Sale | C-17 | | 6,743.51 |
| Interest on RCA Funds | C-16 | | <u>5,722.45</u> |
| | | | <u>3,259,468.53</u> |
| | | | 3,698,479.77 |
| Decreased by Disbursements: | | | |
| Improvement Authorizations | C-8 | | 1,092,099.59 |
| Redemption of Bond Anticipation Notes | C-10 | | 2,199,827.00 |
| Interfunds | C-7 | | <u>924.24</u> |
| | | | <u>3,292,850.83</u> |
| Balance - June 30, 2007 | C | \$ | <u><u>405,628.94</u></u> |

GENERAL CAPITAL
SCHEDULE OF ANALYSIS OF CASH

| Ord. | Description | Ref | Deferred Charges | Ordinance Balance | Notes Outstanding | Other Adjustments | Other | Cash Balance |
|----------------|---|------|-------------------|-------------------|-------------------|-------------------|-----------------|---------------|
| 1062/1253/1371 | RCA Homdel Mt. Laurel Housing..... | | | 73,064.61 | | | | \$ 73,064.61 |
| 1145 | Removal of Underground Storage Tank..... | \$ | (25,000.00) | 4,892.32 | | | | (\$20,107.68) |
| 1184 | Reconstruction of Twilight Avenue..... | | (10,760.00) | 9,192.56 | | | | (1,567.44) |
| 1210/1272 | Improvements - St. John's Park..... | | (143,961.00) | | | | | (143,961.00) |
| 1230 | Reconstruction of Seely Avenue..... | | | 339.67 | | | | 339.67 |
| 1320 | Improvements to Carr Avenue..... | | (337.00) | 39,876.82 | | | | 39,539.82 |
| 1322 | Improvements to Center, Raritan & Seabreeze..... | | (1,950.00) | 164,710.58 | | | | 162,760.58 |
| 1324 | Demolition of Buildings..... | | | 29,677.50 | | | | 29,677.50 |
| 1325 | Const. of Library & Recreation Fields..... | | | 17,005.99 | | | | 17,005.99 |
| 1346 | Waterfront Bicycle & Pedestrian Corridor..... | | (256,690.00) | | \$ 256,690.00 | | | |
| 1347/1382 | Raritan Avenue Reconstruction..... | | (271,732.00) | 107,047.77 | 271,732.00 | | | 107,047.77 |
| 1348 | Laurel Avenue Reconstruction..... | | (88,603.00) | 15,034.70 | 88,603.00 | | | 15,034.70 |
| 1351 | Acquisition of Waterfront Park..... | | (268,556.00) | 244,408.74 | 265,112.00 | | | 240,964.74 |
| 1352/1426 | St. John's Park..... | | (98,400.00) | 109,872.60 | 102,053.00 | | | 113,525.60 |
| 1370 | Various Road Improvements..... | | (771,565.00) | 29,564.76 | 771,565.00 | | | 29,564.76 |
| 1372 | Various Road Improvements..... | | (126,350.00) | 29,246.00 | 126,350.00 | | | 29,246.00 |
| 1394 | Improvements to Police Station..... | | (71,428.00) | 1,484.50 | 71,428.00 | | | 1,484.50 |
| 1416/1442 | Roadway Reconst. Hancock/Freeze Ave, Sidewalk Cc | | (207,000.00) | 72,479.77 | | | | (134,520.23) |
| 1423 | Repair & Improv. Beacon Light Outfall | | (242,850.00) | 12,150.00 | 242,850.00 | | | 12,150.00 |
| 1428 | Var. Improv. & Equip. Boro Hall | | | 5,276.59 | | | | 5,276.59 |
| 1432 | Reconst. & Improv. Highland Blvd. | | (150,000.00) | 273,688.00 | 150,000.00 | | | 273,688.00 |
| 1433/1455 | Reconst. & Improv. Var. Sts. | | (530,250.00) | 313,062.86 | 387,750.00 | | | 170,562.86 |
| 1434 | Var. Capital Improv. | | (190,475.00) | 30,128.88 | 190,475.00 | | | 30,128.88 |
| 1448 | Acquis. Fire Truck/Energy Eff. Devices | | (595,238.00) | 598,343.21 | | | | 3,105.21 |
| | Reserve for Encumbrances..... | | | | | | 177,100.44 | 177,100.44 |
| | Accounts Payable | C-8 | | | | | 31,915.62 | 31,915.62 |
| | Capital Improvement Fund..... | C-14 | | | | | 46,256.67 | 46,256.67 |
| | State, Federal, Local Grants Receivable | C-4 | | | | | (878,556.20) | (878,556.20) |
| | Due from Current Fund..... | C-7 | | | | | (724,839.67) | (724,839.67) |
| | Due from Water & Sewer Capital Fund..... | C-7 | | | | | 112,417.98 | 112,417.98 |
| | Fund Balance..... | C-1 | | | | | 19,507.41 | 19,507.41 |
| | Reserve for Interest on RCA Funds..... | C-16 | | | | | 28,571.75 | 28,571.75 |
| | Reserve for Premium on Note Sale | C-17 | | | | | 6,743.51 | 6,743.51 |
| | Reserve for Capital Improvements - Sale of Assets | C-18 | | | | | 532,500.00 | 532,500.00 |
| Total..... | | Ref. | \$ (4,051,145.00) | \$ 2,180,548.43 | \$ 2,924,608.00 | \$ - | \$ (648,382.49) | \$ 405,628.94 |
| | | | C,C-6 | C,C-8 | C,C-10 | | C,C-2 | |

SCHEDULE OF STATE, FEDERAL, AND LOCAL GRANT RECEIVABLES

| | <u>Ordinance Number</u> | <u>Balance June 30, 2007</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance June 30, 2008</u> |
|---|-----------------------------|----------------------------------|------------------|-------------------|----------------------------------|
| Receivables: | | | | | |
| State of NJ DOT: | | | | | |
| Waterfront Bicycle & Pedestrian Corridor | 1346 | \$ 62,500.00 | \$ | \$ | 62,500.00 |
| Raritan Avenue Reconstruction | 1347 | 53,359.87 | | | 53,359.87 |
| Laurel Avenue Reconstruction | 1348 | 55,140.78 | | | 55,140.78 |
| Various Road Improvements | 1372 | 29,451.55 | | | 29,451.55 |
| Hancock Street & Frazee Avenue Reconstruction | 1416 | 183,000.00 | | 137,250.00 | 45,750.00 |
| Highland Boulevard Reconstruction | 1432 | 160,000.00 | | | 160,000.00 |
| State of NJ DCA: | | | | | |
| Demolition of Buildings | 1324 | 3,831.00 | | | 3,831.00 |
| CDBG: | | | | | |
| Various Road Improvements | 1370 | | | | |
| Various Road Reconstruction | 1433 | 130,684.10 | | | 130,684.10 |
| Green Trust program | | | | | |
| Acquisition of Waterfront Park | 1351 | 272,000.00 | | | 272,000.00 |
| St. John's Park | 1352/1426 | 32,800.00 | | | 32,800.00 |
| Other: | | | | | |
| Monmouth County Improvement Authority | | 158,183.47 | | 125,144.57 | 33,038.90 |
| | | <u>\$ 1,140,950.77</u> | <u>\$</u> | <u>262,394.57</u> | <u>\$ 878,556.20</u> |
| | <u>Ref.</u> | A | - | C-2 | A |

SCHEDULE OF DEFERRED CHARGES - FUNDED

| | Total | Serial Bonds | N.J. Environmental Infrastructure Trust Loan | Green Acres Loan | Demolition Loan | M.C.I.A. Lease Purchase |
|---|-----------------|-----------------|--|---------------------|--------------------|----------------------------|
| Balance - June 30, 2008 | \$ 8,729,555.92 | \$ 3,767,000.00 | \$ 2,428,079.95 | \$ 591,975.97 | \$ 39,000.00 | \$ 1,903,500.00 |
| Increased by: | | | | | | |
| | \$ 8,729,555.92 | 3,767,000.00 | 2,428,079.95 | 591,975.97 | 39,000.00 | 1,903,500.00 |
| Decreased by: | | | | | | |
| Serial Bonds/Loans Paid From Budget Appropriation | \$ 922,938.26 | 405,000.00 | 144,549.37 | 45,588.89 | 6,500.00 | 321,300.00 |
| Balance - June 30, 2008 | \$ 7,806,617.66 | \$ 3,362,000.00 | \$ 2,283,530.58 | \$ 546,387.08 | \$ 32,500.00 | \$ 1,582,200.00 |
| Ref. | C | C-9 | C-11 | C-12 | C-13 | C-14 |
| Funded | \$ 6,224,417.66 | | | | | |
| Funded - Leases | 1,582,200.00 | | | | | |
| | \$7,806,617.66 | | | | | |

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Exhibit - C-6

| ORD. NO. | IMPROVEMENT DESCRIPTION | ANALYSIS OF BALANCE - JUNE 30, 2008 | | | | | UNEXPENDED BALANCE OF IMPROV. AUTHOR. |
|------------------------------|---|-------------------------------------|-------------------|--------------------------|-------------------------------|----------------------|--|
| | | BALANCE JUNE 30, 2007 | 2008 DECREASED | BALANCE JUNE 30, 2008 | BOND ANTICIPATION NOTES | EXPENDED | |
| <u>General Improvements:</u> | | | | | | | |
| 1145 | Removal of Underground Storage Tanks | \$ 25,000.00 | \$ | \$ 25,000.00 | \$ | 20,107.68 | 4,892.32 |
| 1184 | Reconstruction of Twilight Avenue | 10,760.00 | | 10,760.00 | | 1,567.44 | 9,192.56 |
| 1210/1272 | Improvements - St. John's Park | 143,961.00 | | 143,961.00 | | 143,961.00 | |
| 1320 | Improvements to Cart Avenue | 337.00 | | 337.00 | | | 337.00 |
| 1322 | Improvements to Center, Karlian and Seabreeze | 1,950.00 | | 1,950.00 | | | 1,950.00 |
| 1346 | Waterfront Bicycle & Pedestrian Corridor | 256,690.00 | | 256,690.00 | 256,690.00 | | |
| 1347/1382 | Karlian Avenue Reconstruction | 271,732.00 | | 271,732.00 | 271,732.00 | | |
| 1348 | Laurel Avenue Reconstruction | 88,603.00 | | 88,603.00 | 88,603.00 | | |
| 1351 | Acquisition of Waterfront Park | 268,556.00 | | 268,556.00 | 265,112.00 | | 3,444.00 |
| 1352/1426 | St. John's Park | 98,400.00 | | 98,400.00 | 771,565.00 | | 98,400.00 |
| 1370 | Various Road Improvements | 771,565.00 | | 771,565.00 | 126,350.00 | | |
| 1372 | Improvements to the Police Station | 126,350.00 | | 126,350.00 | 71,428.00 | | |
| 1394 | Roadway Reconstr. Hancock St. & Frazee Ave. | 71,428.00 | | | | 134,520.23 | 72,479.77 |
| 1416/ | Constr. Sidewalks Monmouth Ave. | 207,000.00 | | 207,000.00 | 242,850.00 | | |
| 1442 | Repair & Renov. Beacon Light Outfall | 242,850.00 | | 242,850.00 | 150,000.00 | | |
| 1423 | Reconstr. & Improv. Highland Blvd. | 150,000.00 | | | | | |
| 1432 | Reconstr. & Improv. LeRoy Pl, Linton Pl, | | | | | | |
| 1433/1455 | Homer Pl. & Vogel St. and Intersection of | | | | | | |
| | Twilight Ave. & Crescent St. | 387,750.00 | 142,500.00 | 530,250.00 | 387,750.00 | | 142,500.00 |
| 1434 | Var. 2007 Capital Improv. | 190,475.00 | | 190,475.00 | 190,475.00 | | |
| 1448 | Acquis. Fire Truck/Energy | | 595,238.00 | 595,238.00 | | | 595,238.00 |
| | Eff. Devices | | | | | | |
| | | <u>\$ 3,313,407.00</u> | <u>\$</u> | <u>\$ 4,051,145.00</u> | <u>\$ 2,822,555.00</u> | <u>\$ 300,156.35</u> | <u>\$ 928,433.65</u> |
| | <u>Ref.</u> | <u>C</u> | <u>C-5</u> | <u>C</u> | | <u>Ord. No.</u> | |
| | | | | | | | |
| | Unexpended Balances of Unfunded Improv. Authors. | | | | | | \$ 1,726,090.46 |
| | Less: Unexpended Proceeds of Bond Anticipation Notes (By Ord.) | | | | | | (107,047.77) |
| | | | | | | | (15,034.70) |
| | | | | | | | (240,964.74) |
| | | | | | | | (11,472.60) |
| | | | | | | | (29,564.76) |
| | | | | | | | (29,246.00) |
| | | | | | | | (1,484.50) |
| | | | | | | | (12,150.00) |
| | | | | | | | (150,000.00) |
| | | | | | | | (170,562.86) |
| | | | | | | | (30,128.88) |
| | | | | | | | <u>\$ 928,433.65</u> |
| | Excess Cash BAN Issued | | | | | | |
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SCHEDULE OF INTERFUNDS
GENERAL CAPITAL FUND

| <u>Ref.</u> | <u>BALANCE</u> <u>JUNE 30, 2007</u> | <u>NET</u> <u>INCREASES</u> | <u>DECREASES</u> | <u>BALANCE</u> <u>JUNE 30, 2008</u> |
|--------------------------------|--|--------------------------------|------------------|--|
| Due Current Fund | \$ (\$255,715.43) | \$ (469,124.24) | \$ | \$ (\$724,839.67) |
| Due Water & Sewer Capital Fund | \$112,417.98 | | | \$112,417.98 |
| | <u>\$ (\$143,297.45)</u> | <u>\$ (469,124.24)</u> | <u>\$ -</u> | <u>\$ (612,421.69)</u> |
| <u>Ref.</u> | | | | |
| Receivables | \$ (\$143,297.45) | | \$ | \$ (612,421.69) |
| Payables | <u>\$112,417.98</u> | | | <u>112,417.98</u> |
| | <u>\$ (\$30,879.47)</u> | | \$ | <u>\$ (500,003.71)</u> |
| Cash Disbursements | | (924.24) | | |
| Capital Improvements | | (532,500.00) | | |
| Fund Balance | | 74,300.00 | | |
| Capital Improvement Fund | | <u>(10,000.00)</u> | | |
| | | <u>(469,124.24)</u> | | |

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS - GENERAL CAPITAL FUND

| ORD. NO. | IMPROVEMENT DESCRIPTION | ORDINANCE DATE | ORDINANCE AMOUNT | BALANCE - JUNE 30, 2007 FUNDED | UNFUNDED | SPY 2008 AUTHOR. | RESERVE FOR ENCUMBRANCES 2007 | PAID OR CHARGED | RESERVE FOR ENCUMBRANCES 2008 | BALANCE - JUNE 30, 2008 FUNDED | UNFUNDED |
|------------------------------|--|----------------|------------------|--------------------------------|------------|------------------|-------------------------------|-----------------|-------------------------------|--------------------------------|--------------|
| <u>General Improvements:</u> | | | | | | | | | | | |
| 1062/ | | 11/21/89 | \$ 6,435,280.00 | | | | | | | | |
| 1253/ | | 04/27/99 | 1,211,407.27 | \$ | | | \$ | | | | |
| 1371 | RCA Homdel Mt. Laurel Housing | 03/09/05 | 169,788.79 | \$ | 207,692.43 | | \$ | 86,627.82 | \$ | 73,064.61 | \$ |
| 1145 | Removal Underground Storage Tanks | 08/31/93 | 75,000.00 | | | | 2,470.35 | | | | 4,892.32 |
| 1184 | Reconstruction of Twilight Avenue | 06/20/95 | 560,000.00 | | | | | | | | 9,192.56 |
| 1210/ | | 02/18/97 | 880,000.00 | | | | | | | | |
| 1272 | Improvements to St. John's Park | 01/13/00 | 100,000.00 | | | | | | | | |
| 1230 | Reconstruction of Seeley Avenue | 04/14/98 | 185,000.00 | | | | | | | | |
| 1320 | Improvements to Carr Avenue | 01/22/02 | 410,000.00 | | | | | | | | |
| 1322 | Improvements to Center, Raritan, & Seabreeze | 02/12/02 | 750,000.00 | | | | | | | | |
| 1324 | Demolition of Buildings | 06/06/02 | 68,250.00 | | | | | | | | |
| 1325 | Const. of Library and Recreation Fields | 06/06/02 | 1,800,000.00 | | | | | | | | |
| 1346 | Waterfront Bicycle & Pedestrian Corridor | 10/23/03 | 520,200.00 | | | | | | | | |
| 1347/ | | 10/23/03 | 312,057.00 | | | | | | | | |
| 1382 | Raritan Avenue Reconstruction | 08/24/05 | 175,000.00 | | | | | | | | |
| 1348 | Laurel Avenue Reconstruction | 10/23/03 | 304,278.00 | | | | | | | | |
| 1351 | Acq of Property Waterfront Park | 11/13/03 | 544,000.00 | | | | | | | | |
| 1352/1426 | St. John's Park | 11/13/03 | 204,106.00 | | | | | | | | |
| 1370 | Various Road Improvements | 03/09/05 | 1,000,000.00 | | | | | | | | |
| 1372 | Various Road Improvements | 04/03/05 | 248,000.00 | | | | | | | | |
| 1394 | Improvements to the Police Station Roadway Reconstr. Hancock St. | 09/28/05 | 75,000.00 | | | | | | | | |
| 1416/ | Freeze Ave. Constr. Sidewalks | | 315,000.00 | | | | | | | | |
| 1442 | Monmouth Rd. | 06/27/07 | 75,000.00 | | | | | | | | |
| 1423 | Repair & Improv. Beacon Light Outfall | | 255,000.00 | | | | | | | | |
| 1428 | Var. Improv & Equip Boro Hall | | 22,000.00 | | | | | | | | |
| 1432 | Reconstr. & Improv. Highland Blvd. | | 310,000.00 | | | | | | | | |
| 1433/ | Reconstr. & Improv. Leroy Pl., Poplar | | | | | | | | | | |
| 1435 | St. Linton Pl. Horner Pl. & Vogel St. | | | | | | | | | | |
| 1434 | Var Capital Improv. | | | | | | | | | | |
| 1448 | Fire Truck/Solar Panels | | | | | | | | | | |
| | | | | \$ | 971,674.17 | \$ | 1,547,633.12 | \$ | 1,124,015.21 | \$ | 1,776,090.46 |
| | | | | Ref. | C | C | C | C | C | C | C |
| | | | | C-2 | | | | | | | |
| | | | | C-7 | | | | | | | |
| | | | | Cash Disbursements | | | | | | | |
| | | | | Accounts Payable | | | | | | | |
| | | | | \$1,092,099.59 | | | | | | | |
| | | | | 31,915.62 | | | | | | | |
| | | | | \$1,124,015.21 | | | | | | | |

SCHEDULE OF GENERAL SERIAL BONDS

| ISSUE | DATE OF ISSUE | ORIGINAL ISSUE | MATURITIES OF BONDS OUTSTANDING - JUNE 30, 2008 | | INTEREST RATE | BALANCE JUNE 30, 2007 | DECREASE | BALANCE JUNE 30, 2008 |
|---|------------------|-------------------|--|------------|------------------|--------------------------|----------------------|--------------------------|
| | | | DATE | AMOUNT | | | | |
| General Obligation Refunding Bonds Series 2002 | 3/1/02 | 2,005,000.00 | 12/01/08 | 260,000.00 | 4.000% | | | |
| | | | 12/01/09 | 270,000.00 | 4.000% | | | |
| | | | 12/01/10 | 285,000.00 | 4.125% | \$ 1,070,000.00 | \$ 255,000.00 | \$ 815,000.00 |
| General Obligation Bonds | 10/15/03 | 2,967,000.00 | 07/15/08 | 150,000.00 | 4.750% | | | |
| | | | 07/15/09 | 150,000.00 | 4.750% | | | |
| | | | 07/15/10 | 150,000.00 | 4.750% | | | |
| | | | 07/15/11 | 150,000.00 | 4.750% | | | |
| | | | 07/15/12 | 150,000.00 | 4.750% | | | |
| | | | 07/15/13 | 150,000.00 | 4.750% | | | |
| | | | 07/15/14 | 150,000.00 | 4.750% | | | |
| | | | 07/15/15 | 150,000.00 | 4.750% | | | |
| | | | 07/15/16 | 150,000.00 | 4.750% | | | |
| | | | 07/15/17 | 150,000.00 | 4.750% | | | |
| | | | 07/15/18 | 150,000.00 | 4.750% | | | |
| | | | 07/15/19 | 150,000.00 | 4.750% | | | |
| | | | 07/15/20 | 150,000.00 | 5.000% | | | |
| | | | 07/15/21 | 150,000.00 | 5.000% | | | |
| | | | 07/15/22 | 150,000.00 | 5.000% | | | |
| | | | 07/15/23 | 150,000.00 | 5.000% | | | |
| | | | 07/15/24 | 147,000.00 | 5.000% | 2,697,000.00 | 150,000.00 | 2,547,000.00 |
| | | | | | | <u>\$ 3,767,000.00</u> | <u>\$ 405,000.00</u> | <u>\$ 3,362,000.00</u> |
| | | | | | | C | C-5 | C |

Ref.

SCHEDULE OF BOND ANTICIPATION NOTES

| ORD. NO. | IMPROVEMENT DESCRIPTION | ORIGINAL DATE ISSUED | DATE OF ISSUE | MATURITY DATE | INTEREST RATE | BALANCE JUNE 30, 2007 | INCREASE | DECREASE | BALANCE JUNE 30, 2008 |
|-------------|--|----------------------------|------------------|------------------|------------------|--------------------------|------------------------|------------------------|--------------------------|
| 1346 | Waterfront Bicycle & Pedestrian Corridor | 6/14/06 | 1/25/08 | 1/23/09 | 3.250% | \$ 256,690.00 | \$ 256,690.00 | \$ 256,690.00 | \$ 256,690.00 |
| 1347/1382 | Raritan Avenue Reconstruction | 6/14/06 | 1/25/08 | 1/23/09 | 3.250% | 271,732.00 | 271,732.00 | 271,732.00 | 271,732.00 |
| 1348 | Laurel Avenue Reconstruction | 6/14/06 | 1/25/08 | 1/23/09 | 3.250% | 88,603.00 | 88,603.00 | 88,603.00 | 88,603.00 |
| 1351 | Acquisition of Land Waterfront Park | 6/22/04 | 1/25/08 | 1/23/09 | 3.250% | 268,556.00 | 265,112.00 | 268,556.00 | 265,112.00 |
| 1352 | St. John's Park | 6/14/06 | 1/25/08 | 1/23/09 | 3.250% | 102,053.00 | 102,053.00 | 102,053.00 | 102,053.00 |
| 1370 | Various Road Improvements | 6/14/06 | 1/25/08 | 1/23/09 | 3.250% | 771,565.00 | 771,565.00 | 771,565.00 | 771,565.00 |
| 1372 | Various Road Improvements | 5/25/07 | 1/25/08 | 1/23/09 | 3.250% | 126,350.00 | 126,350.00 | 126,350.00 | 126,350.00 |
| 1394 | Improvements to Police Station | 6/14/06 | 1/25/08 | 1/23/09 | 3.250% | 71,428.00 | 71,428.00 | 71,428.00 | 71,428.00 |
| 1423 | Repairs & Impis to Beacon Light Outfall | 5/25/07 | 1/25/08 | 1/23/09 | 3.250% | 242,850.00 | 242,850.00 | 242,850.00 | 242,850.00 |
| 1432 | Improv to Highland Blvd. | 1/25/08 | 1/25/08 | 1/23/09 | 3.250% | 150,000.00 | 150,000.00 | 150,000.00 | 150,000.00 |
| 1433 | Reconstruction Various Roads | 1/25/08 | 1/25/08 | 1/23/09 | 3.250% | 387,750.00 | 387,750.00 | 387,750.00 | 387,750.00 |
| 1434 | Improv. to DPW | 1/25/08 | 1/25/08 | 1/23/09 | 3.250% | 190,475.00 | 190,475.00 | 190,475.00 | 190,475.00 |
| | | | | | | <u>\$ 2,199,827.00</u> | <u>\$ 2,924,608.00</u> | <u>\$ 2,199,827.00</u> | <u>\$ 2,924,608.00</u> |
| Ref | | | | | | C | C-2 | C-2 | C |

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SCHEDULE OF GENERAL CAPITAL LOAN PAYABLE
GREEN ACRES LOANS

| | <u>Ref.</u> | |
|-------------------------|-------------|-----------------------------|
| Balance June 30, 2007 | C | \$ 591,975.97 |
| Increased by: | | |
| Loan Drawdowns/Advances | C-2, C-18 | <u>-</u> |
| | | 591,975.97 |
| Decreased by: | | |
| Loan Payment | C-5 | <u>45,588.89</u> |
| Balance June 30, 2008 | C | <u><u>\$ 546,387.08</u></u> |

Analysis of Repayment of Loan and Interest:

| <u>Loan Number</u> | | <u>SFY</u> | | <u>Annual P & I Payments</u> |
|------------------------|------|------------|------|--------------------------------------|
| 1321-92-039 | 2008 | - | 2017 | \$ 16,234.02 |
| 1321-95-049A | 2008 | - | 2019 | 39,070.99 |
| 1321-95-049 | 2008 | - | 2026 | 1,596.59 |
| | 2027 | | 2027 | 948.29 |

SCHEDULE OF GENERAL CAPITAL LOAN PAYABLE
DEMOLITION LOAN

| | <u>Ref.</u> | |
|-----------------------|-------------|----------------------------|
| Balance June 30, 2007 | C | \$ 39,000.00 |
| Decreased by: | | |
| Loan Payment | C-5 | <u>6,500.00</u> |
| Balance June 30, 2008 | C | <u><u>\$ 32,500.00</u></u> |

GENERAL CAPITAL
SCHEDULE OF MCIA EQUIPMENT LEASE PURCHASE OBLIGATIONS PAYABLE

| Purpose | Original Issue | Date | Principal | Interest | Rate | June 30, 2007 | Decreases | June 30, 2008 |
|-----------------|-------------------|----------|-----------|----------|--------|---------------|-------------|---------------|
| 1997 Series.... | 785,000.00 | | | | | 78,000.00 | (78,000.00) | - |
| 2001 Series.... | 497,100.00 | 10/01/08 | 53,400.00 | 4,709.85 | 4.375% | | | |
| | | 04/01/09 | | 3,541.73 | | | | |
| | | 10/01/09 | 55,800.00 | 3,541.73 | 4.000% | | | |
| | | 04/01/10 | | 2,425.73 | | | | |
| | | 10/01/10 | 58,000.00 | 2,425.73 | 4.050% | | | |
| | | 04/01/11 | | 1,251.23 | | | | |
| | | 10/01/11 | 60,300.00 | 1,251.23 | 4.150% | 278,400.00 | (50,900.00) | 227,500.00 |

GENERAL CAPITAL
SCHEDULE OF MCIA EQUIPMENT LEASE PURCHASE OBLIGATIONS PAYABLE

| Purpose | Original Issue |Outstanding Maturities 06/30/2008..... | Principal | Interest | Rate | June 30, 2007 | Decreases | June 30, 2008 |
|-----------------|-------------------|---|------------|-----------|--------|---------------|-----------------|---------------|
| 2003 Series.... | 1,074,600.00 | 09/01/08 | 104,700.00 | 15,391.43 | 5.000% | | | |
| | | 03/01/09 | | 12,773.93 | | | | |
| | | 09/01/09 | 109,900.00 | 12,773.93 | 4.500% | | | |
| | | 03/01/10 | | 10,301.18 | | | | |
| | | 09/01/10 | 114,900.00 | 10,301.18 | 4.750% | | | |
| | | 03/01/11 | | 7,572.30 | | | | |
| | | 09/01/11 | 120,300.00 | 7,572.30 | 3.450% | | | |
| | | 03/01/12 | | 5,497.13 | | | | |
| | | 09/01/12 | 124,500.00 | 5,497.13 | 3.650% | | | |
| | | 03/01/13 | | 3,225.00 | | | | |
| | | 09/01/13 | 129,000.00 | 3,225.00 | 5.000% | \$ 804,000.00 | \$ (100,700.00) | \$ 703,300.00 |

GENERAL CAPITAL
SCHEDULE OF MCIA EQUIPMENT LEASE PURCHASE OBLIGATIONS PAYABLE

| Purpose | Original Issue | Date | Principal | Interest | Rate | June 30, 2007 | Decreases | June 30, 2008 |
|-----------------|-------------------|----------|-----------------|---|--------|-----------------|-----------------|-----------------|
| | | | |Outstanding Maturities 06/30/2008..... | | | | |
| 2005 Series.... | 828,100.00 | 09/01/08 | 94,700.00 | 13,775.75 | 3.000% | | | |
| | | 03/01/09 | | 12,355.25 | | | | |
| | | 09/01/09 | 97,500.00 | 12,355.25 | 3.110% | | | |
| | | 03/01/10 | | 10,649.00 | | | | |
| | | 09/01/10 | 100,900.00 | 10,649.00 | 3.240% | | | |
| | | 03/01/11 | | 8,631.00 | | | | |
| | | 09/01/11 | 65,300.00 | 8,631.00 | 3.400% | | | |
| | | 03/01/12 | | 7,325.00 | | | | |
| | | 09/01/12 | 68,000.00 | 7,325.00 | 3.520% | | | |
| | | 03/01/13 | | 5,625.00 | | | | |
| | | 09/01/13 | 71,400.00 | 5,625.00 | 3.620% | | | |
| | | 03/01/14 | | 3,840.00 | | | | |
| | | 09/01/14 | 74,900.00 | 3,840.00 | 3.700% | | | |
| | | 03/01/15 | | 1,967.50 | | | | |
| | | 09/01/15 | 78,700.00 | 1,967.50 | 3.780% | \$ 743,100.00 | \$ (91,700.00) | \$ 651,400.00 |
| | | | | | | | | |
| | | | \$ 1,582,200.00 | \$ 227,838.99 | | \$ 1,903,500.00 | \$ (321,300.00) | \$ 1,582,200.00 |
| | | | | | | C | C-5 | C |
| Total..... | | | | | | | | |

Exhibit - C-15

SCHEDULE OF RESERVE FOR
CAPITAL IMPROVEMENT FUND

| | <u>REF.</u> | |
|--------------------------------------|-------------|----------------------------|
| Balance - June 30, 2007 | C | \$ 13,518.67 |
| Increased by: | | |
| Budget Appropriation - Cash Receipts | C-2 | 60,000.00 |
| Budget Appropriation - Due From | C-7 | <u>10,000.00</u> |
| | | 83,518.67 |
| Decreased by: | | |
| Appropriated to Finance Improvement | | |
| Authorizations | C-8 | <u>37,262.00</u> |
| Balance - June 30, 2008 | C | <u><u>\$ 46,256.67</u></u> |

Exhibit - C-16

SCHEDULE OF RESERVE FOR
INTEREST ON RCA FUNDS

| | <u>REF.</u> | |
|-------------------------|-------------|----------------------------|
| Balance - June 30, 2007 | C | \$ 22,850.30 |
| Increased by: | | |
| Interest Earned | C-2 | <u>5,722.45</u> |
| Balance - June 30, 2008 | C | <u><u>\$ 28,572.75</u></u> |

Exhibit - C-17

SCHEDULE OF RESERVE FOR
PREMIUM ON NOTE SALE

| | <u>REF.</u> | |
|-------------------------|-------------|---------------------------|
| Increased by: | | |
| Premium Received | C-2 | <u>6,743.51</u> |
| Balance - June 30, 2007 | C | <u><u>\$ 6,743.51</u></u> |

Exhibit - C-18

SCHEDULE OF RESERVE FOR
CAPITAL IMPROVEMENTS - SALE OF ASSETS

| | <u>REF.</u> | |
|----------------------------|-------------|-----------------------------|
| Decreased by: | | |
| Transferred - Current Fund | C -7 | <u>\$ 532,500.00</u> |
| Balance - June 30, 2008 | C | <u><u>\$ 532,500.00</u></u> |

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

| ORD. NO. | IMPROVEMENT DESCRIPTION | BALANCE JUNE 30, 2007 | 2007 AUTHOR. | BOND ANTICIPATION NOTES PAID | BOND ANTICIPATION NOTES ISSUED | DECREASED | BALANCE JUNE 30, 2008 |
|-------------|---|--------------------------|----------------------|---------------------------------------|---|-------------|--------------------------|
| | | | | | | | |
| 1145 | Removal of Underground Tanks | \$ 25,000.00 | | | | | \$ 25,000.00 |
| 1184 | Reconstruction of Twilight Avenue | 10,760.00 | | | | | 10,760.00 |
| 1210 | Improvements to St. John's Park | 143,961.00 | | | | | 143,961.00 |
| 1320 | Improvements to Carr Avenue | 337.00 | | | | | 337.00 |
| 1322 | Improvements to Center, Raritan & Seabreeze | 1,950.00 | | | | | 1,950.00 |
| 1346 | Waterfront Bicycle & Pedestrian Corridor | | | \$ 256,690.00 | \$ 256,690.00 | | |
| 1347/1382 | Raritan Avenue Reconstruction | | | 271,732.00 | 271,732.00 | | |
| 1348 | Laurel Avenue Reconstruction | | | 88,603.00 | 88,603.00 | | |
| 1351 | Acquisition of Waterfront Park | | | 268,556.00 | 265,112.00 | | |
| 1352/1426 | St. John's Park | 98,400.00 | | | | | 98,400.00 |
| 1370 | Various Road Improvements | | | 771,565.00 | 771,565.00 | | |
| 1372 | Various Road Improvements | | | 126,350.00 | 126,350.00 | | |
| 1394 | Improvements to Police Station | | | 71,428.00 | 71,428.00 | | |
| 1416/1442 | Road Reconst. | 207,000.00 | | | | | 207,000.00 |
| 1423 | Repair & Improv. Beacon Light Outfall | | | 242,850.00 | 242,850.00 | | |
| 1432 | Reconst. Improv. Highland Blvd. | 150,000.00 | | | 150,000.00 | | |
| 1433/1455 | Reconst. & Improv. Var. Roads | 387,750.00 | 142,500.00 | | 387,750.00 | | 142,500.00 |
| 1434 | Var. Capital Improv. | 190,475.00 | 595,238.00 | | 190,475.00 | | 595,238.00 |
| 1448 | Acquis. Fire Truck/Energy Eff. Devices | | | | | | |
| | | <u>\$ 1,215,633.00</u> | <u>\$ 737,738.00</u> | <u>\$ 2,097,774.00</u> | <u>\$ 2,822,555.00</u> | <u>\$ -</u> | <u>\$ 1,225,146.00</u> |

WATER AND SEWER UTILITY FUND

SCHEDULE OF WATER AND SEWER UTILITY CASH AND INVESTMENTS - TREASURER

| | <u>REF.</u> | <u>OPERATING FUND</u> | <u>CAPITAL FUND</u> |
|---|-------------|-----------------------|----------------------|
| Balance - June 30, 2007 | D | \$ 903,086.51 | \$ 363,976.42 |
| Increased by Receipts: | | | |
| Consumer Accounts Receivable | D-3,D-8 | 4,296,982.65 | |
| Interest Earned on Investments and Deposits | D-3 | 33,848.15 | |
| Interest on Delinquencies | D-3 | 44,850.25 | |
| Issuance of Bond Anticipation Notes | | | 248,000.00 |
| Capital Improvement Fund | D-23 | | 25,000.00 |
| Interfund | D-10,D-11 | | 108,105.27 |
| | | <u>4,375,681.05</u> | <u>381,105.27</u> |
| Decreased by Disbursements: | | | |
| Refund of Prior Years Revenues | D-1 | 1,133.84 | |
| Budget Expenditures | D-4 | 3,554,301.43 | |
| Appropriation Reserves | D-14 | 512,880.20 | |
| Accounts Payable | D-15 | 28,071.13 | |
| Accrued Interest on Bonds, Notes and Loans | D-18 | 494,361.52 | |
| Redeem Bond Anticipation Notes | D-16 | | 203,000.00 |
| Improvement Authorizations | D-21 | | 289,139.57 |
| Interfunds | D-10,D-11 | <u>108,105.27</u> | |
| | | <u>4,698,853.39</u> | <u>492,139.57</u> |
| Balance - June 30, 2008 | D | <u>\$ 579,834.21</u> | <u>\$ 252,942.12</u> |

WATER AND SEWER CAPITAL UTILITY FUND
ANALYSIS OF CASH BALANCE

| | Deferred Charges | Improvement Authorizations | Bond Anticipation Notes | Other | Balance June 30, 2008 |
|---|---------------------|-------------------------------|-------------------------------|---------------|--------------------------|
| Fund Balance..... | | | | \$ 6,423.71 | \$ 6,423.71 |
| Capital Improvement Fund..... | | | | 77,000.00 | 77,000.00 |
| Accounts Payable..... | | | | 3,660.00 | 3,660.00 |
| Due Water Operating Fund..... | | | | 391,227.54 | 391,227.54 |
| Due Current Fund..... | | | | | |
| Due General Capital Fund..... | | | | (112,417.98) | (112,417.98) |
| Improvement Authorizations | | | | | |
| 1298-2 Various Improvements Water | | | | | |
| 1417 Improvements to Water Well #3 | (148,000.00) | 989.97 | 148,000.00 | | 989.97 |
| 1424 Improvements to Water Well #5 | (100,000.00) | | 100,000.00 | | |
| 1441/1466 Design Desalination Sys Water Plant | (2,500,000.00) | 2,379,498.44 | | | (120,501.56) |
| Encumbrances..... | | 6,560.44 | | | 6,560.44 |
| Total..... | \$ (2,748,000.00) | \$ 2,387,048.85 | \$ 248,000.00 | \$ 365,893.27 | \$ 252,942.12 |

Ref.

D, D-5

WATER AND SEWER OPERATING FUND
SCHEDULE OF CHANGE FUNDS

| | Balance June 30, 2007 | Increase (Decrease) | Adjustment | Balance June 30, 2008 |
|-------------|--------------------------|------------------------|------------|--------------------------|
| Change Fund | | | | |
| Collector | 250.00 | | | \$ 250.00 |
| | 250.00 | | | \$ 250.00 |

Ref.

D

D

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE
WATER AND SEWER UTILITY OPERATING FUND

| | <u>REF.</u> | | |
|----------------------------------|-------------|---------------------|----------------------------|
| Balance - June 30, 2007 | D | | \$ 110,333.26 |
| Increased by: | | | |
| Water and Sewer Utility Billings | Reserve | <u>4,286,043.64</u> | <u>4,286,043.64</u> |
| | | | 4,396,376.90 |
| Decreased by: | | | |
| Collected | D-3, D-5 | 4,296,982.65 | |
| Overpayments Applied | D-3, D-17 | <u>4,912.32</u> | <u>4,301,894.97</u> |
| Balance - June 30, 2008 | D | | <u><u>\$ 94,481.93</u></u> |

SCHEDULE OF DEPOSIT WITH BAYSHORE REGIONAL SEWERAGE AUTHORITY
WATER AND SEWER UTILITY OPERATING FUND

| | <u>REF.</u> | | |
|-------------------------|-------------|------------------|-----------------------------|
| Balance - June 30, 2007 | D | | \$ 714,951.99 |
| Increased by: | | | |
| Interest Earned | Reserve | <u>19,658.29</u> | <u>19,658.29</u> |
| Balance - June 30, 2008 | D | | <u><u>\$ 734,610.28</u></u> |

SCHEDULE OF INTERFUNDS
WATER AND SEWER OPERATING UTILITY FUND

| | <u>Ref.</u> | <u>BALANCE JUNE 30, 2007</u> | <u>INCREASES</u> | <u>DECREASES</u> | <u>BALANCE JUNE 30, 2008</u> |
|----------------------------------|-------------|----------------------------------|------------------------|--------------------|----------------------------------|
| Due Water and Sewer Capital Fund | D | \$ (283,122.27) | \$ (108,105.27) | | \$ (391,227.54) |
| Due Current Fund | D | (184,145.89) | | 5,183.27 | (178,962.62) |
| | | <u>\$ (467,268.16)</u> | <u>\$ (108,105.27)</u> | <u>\$ 5,183.27</u> | <u>\$ (570,190.16)</u> |
| | <u>Ref.</u> | | D-5 | D-5 | |
| Receivables | D | (467,268.16) | | | (570,190.16) |
| Payables | D | | | | |
| | | <u>\$ (467,268.16)</u> | | | <u>\$ (570,190.16)</u> |
| Cash Disbursements | D-5 | | 108,105.27 | | |
| Accrued Interest on Bonds, Notes | | | | | |
| Loans | D-18 | | | 5,183.27 | |
| | | | <u>\$108,105.27</u> | <u>\$5,183.27</u> | |

Exhibit - D-11

SCHEDULE OF INTERFUNDS
WATER AND SEWER CAPITAL UTILITY FUND

| | <u>Ref.</u> | <u>BALANCE JUNE 30, 2007</u> | <u>INCREASES</u> | <u>DECREASES</u> | <u>BALANCE JUNE 30, 2008</u> |
|------------------------------------|-------------|----------------------------------|----------------------|------------------|----------------------------------|
| Due Current Fund | D | \$ - | | | - |
| Due General Capital Fund | D | (112,417.98) | | | (112,417.98) |
| Due Water and Sewer Operating Fund | D | 283,122.27 | 108,105.27 | | 391,227.54 |
| | | <u>\$ 170,704.29</u> | <u>\$ 108,105.27</u> | <u>\$ -</u> | <u>\$ 278,809.56</u> |
| | <u>Ref.</u> | | D-5 | | |
| Receivables | | \$ (112,417.98) | | | \$ (112,417.98) |
| Payables | | 283,122.27 | | | 391,227.54 |
| | | <u>\$ 170,704.29</u> | | | <u>\$ 278,809.56</u> |

SCHEDULE OF FIXED CAPITAL
WATER AND SEWER UTILITY CAPITAL FUND

| <u>ACCOUNT</u> | <u>BALANCE</u> <u>JUNE 30, 2007</u> | <u>BALANCE</u> <u>JUNE 30, 2008</u> |
|----------------------------|--|--|
| Acquired from KMUA | | |
| Phase I Construction | \$ 5,443,148.00 | \$ 5,443,148.00 |
| Phase II Construction | 404,547.00 | 404,547.00 |
| Phase III Construction | 9,800,025.00 | 9,800,025.00 |
| Phase IV Construction | 6,653,481.00 | 6,653,481.00 |
| Additional Construction | 106,787.00 | 106,787.00 |
| Office Renovations | 28,369.00 | 28,369.00 |
| Equipment | 102,237.00 | 102,237.00 |
| Engineering and Inspection | 145,020.83 | 145,020.83 |
| Vehicles | 67,190.00 | 67,190.00 |
| Office Annex | 211,219.00 | 211,219.00 |
| Pump | 13,590.00 | 13,590.00 |
| 95 Construction | 1,097,337.00 | 1,097,337.00 |
| | <u>\$ 24,072,950.83</u> | <u>\$ 24,072,950.83</u> |
| <u>Ref.</u> | D | D |

The Fixed Capital, as reported, is taken from the Borough records and does not necessarily reflect the true condition of such Fixed Capital.

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
WATER AND SEWER UTILITY CAPITAL FUND

| <u>ORD. #</u> | <u>ACCOUNT</u> | <u>BALANCE</u> <u>JUNE 30, 2007</u> | <u>FY 2008</u> <u>AUTHORIZATIONS</u> | <u>BALANCE</u> <u>JUNE 30, 2008</u> |
|---------------|-------------------------------------|--|---|--|
| | Acquired from KMUA Improvements | \$ 3,660.00 | | \$ 3,660.00 |
| | | - | | - |
| 1417 | Improvements to Water Well #3 | 148,000.00 | | 148,000.00 |
| | | - | | - |
| 1424 | Improvements to Water Well #5 | 100,000.00 | | 100,000.00 |
| | | - | | - |
| 1441/1466 | Design Desalination Sys Water Plant | 165,000.00 | 2,335,000.00 | 2,500,000.00 |
| | | <u>\$ 416,660.00</u> | <u>\$ 2,335,000.00</u> | <u>\$ 2,751,660.00</u> |
| <u>Ref.</u> | | D | D-21 | D |

SCHEDULE OF 2007 APPROPRIATION RESERVES
WATER AND SEWER UTILITY OPERATING FUND

| | BALANCE JUNE 30, 2007 | RESERVE FOR ENCUMBRANCES JUNE 30, 2007 | BALANCE AFTER MODIFICATION | PAID OR CHARGED | BALANCE LAPSED |
|-------------------------------------|--------------------------|--|----------------------------------|----------------------|----------------------|
| Operating: | | | | | |
| Salaries and Wages | \$ 27,600.42 | \$ | \$ 27,600.42 | \$ | \$ 27,600.42 |
| Other Expenses | 497,719.19 | 124,759.14 | 622,478.33 | 512,880.20 | 109,598.13 |
| Statutory Expenditures: | | | | | |
| Contribution to: | | | | | |
| Public Employees Retirement System | 8,000.00 | | 8,000.00 | | 8,000.00 |
| Social Security System (O.A.S.I.) | 5,909.72 | | 5,909.72 | | 5,909.72 |
| Unemployment Compensation Insurance | 5,000.00 | | 5,000.00 | | 5,000.00 |
| | <u>\$ 544,229.33</u> | <u>\$ 124,759.14</u> | <u>\$ 668,988.47</u> | <u>\$ 512,880.20</u> | <u>\$ 156,108.27</u> |

Ref.

D

D

D-5

D-1

SCHEDULE OF ACCOUNTS PAYABLE
WATER AND SEWER UTILITY OPERATING FUND

| | Ref. | |
|-------------------------|------|------------------|
| Balance - June 30, 2007 | D | \$ 28,071.13 |
| Decreased by: | | |
| Payment | D-5 | <u>28,071.13</u> |
| Balance - June 30, 2008 | D | <u>\$ -</u> |

SCHEDULE OF BOND ANTICIPATION NOTES
WATER AND SEWER UTILITY CAPITAL FUND

| <u>ORD. #</u> | <u>PURPOSE OF ISSUE</u> | <u>INTEREST RATE</u> | <u>ISSUE DATE</u> | <u>MATURITY DATE</u> | <u>BALANCE JUNE 30, 2007</u> | <u>INCREASE</u> | <u>DECREASE</u> | <u>BALANCE JUNE 30, 2008</u> |
|---------------|-------------------------|--------------------------|-----------------------|--------------------------|----------------------------------|----------------------|----------------------|----------------------------------|
| 1417 | Water Well #3 Project | 3.25% | 1/25/08 | 1/23/09 | \$ 148,000.00 | \$ 148,000.00 | \$ 148,000.00 | \$ 148,000.00 |
| 1424 | Water Well #5 Project | 3.25% | 1/25/08 | 1/23/09 | 55,000.00 | 100,000.00 | 55,000.00 | 100,000.00 |
| | | | | | <u>\$ 203,000.00</u> | <u>\$ 248,000.00</u> | <u>\$ 203,000.00</u> | <u>\$ 248,000.00</u> |
| | | | <u>Ref.</u> | | D | D-5 | D-5 | D |

SCHEDULE OF WATER AND SEWER RENTS OVERPAYMENTS
WATER AND SEWER UTILITY OPERATING FUND

| | Ref. | |
|-------------------------|------|----------------------------|
| Balance - June 30, 2007 | D | \$ 27,588.88 |
| Decreased by: | | |
| Overpayments Applied | D-5 | <u>4,912.32</u> |
| Balance - June 30, 2008 | D | \$ <u><u>22,676.56</u></u> |

SCHEDULE OF ACCRUED INTEREST ON BONDS, NOTES AND LOANS
WATER AND SEWER UTILITY OPERATING FUND

| | <u>REF.</u> | | |
|------------------------------|-------------|-------------------|-------------------|
| Balance - June 30, 2007 | D | \$ | 54,313.54 |
| Increased by: | | | |
| Accrued Interest Charged to: | | | |
| Budget Appropriations | D- 4 | <u>500,122.87</u> | |
| | | | 554,436.41 |
| Decreased by: | | | |
| Payment | D- 5 | 494,361.52 | |
| Paid by Current Fund | D- 10 | <u>5,183.27</u> | |
| | | | <u>499,544.79</u> |
| Balance - June 30, 2008 | D | <u>\$</u> | <u>54,891.62</u> |

Analysis of Balance - June 30, 2008:

| Principal Outstanding <u>June 30, 2008</u> | Interest <u>Rate</u> | <u>From</u> | <u>To</u> | <u>Period</u> | <u>Amount</u> |
|--|-------------------------|-------------|-----------|---------------|---------------------|
| Replacement of Horizontal Pressure Filter Media and Appurtances Work 505,000.00 | Various | 1/15 | 6/30 | 165 Days | \$ 12,522.82 |
| Various Improvements to the Water System 650,000.00 | Various | 6/1 | 6/30 | 30 Days | 2,545.63 |
| Water & Sewer Refunding Bonds of 2002 9,705,000.00 | Various | 6/1 | 6/30 | 30 Days | 35,290.84 |
| Bond Anticipation Notes 248,000.00 | 3.250% | 5/25 | 6/30 | 35 Days | <u>4,532.33</u> |
| Total | | | | | <u>\$ 54,891.62</u> |

SCHEDULE OF SERIAL BONDS PAYABLE
WATER AND SEWER UTILITY CAPITAL FUND

| PURPOSE | DATE OF ISSUE | ORIGINAL ISSUE | MATURITIES OF BONDS OUTSTANDING - JUNE 30, 2008 | | INTEREST RATE | BALANCE JUNE 30, 2007 | DECREASE | BALANCE JUNE 30, 2008 | | | |
|---|------------------|-------------------|--|-----------|------------------|--------------------------|--------------|--------------------------|-------------------------|----------------------|-------------------------|
| | | | DATE | AMOUNT | | | | | | | |
| Various Improvements to the Water System | 7/15/95 | 1,000,000 | 7/15/08 | 50,000 | 5.250% | | | | | | |
| | | | 7/15/09 | 55,000 | 5.300% | | | | | | |
| | | | 7/15/10 | 60,000 | 5.350% | | | | | | |
| | | | 7/15/11 | 60,000 | 5.400% | | | | | | |
| | | | 7/15/12 | 65,000 | 5.450% | | | | | | |
| | | | 7/15/13 | 70,000 | 5.450% | | | | | | |
| | | | 7/15/14 | 70,000 | 5.500% | | | | | | |
| | | | 7/15/15 | 75,000 | 5.500% | \$ 555,000.00 | \$ 50,000.00 | \$ 505,000.00 | | | |
| Various Improvements to the Water System | 12/1/98 | 1,000,000 | 12/1/08 | 45,000 | 4.250% | | | | | | |
| | | | 12/1/09 | 50,000 | 4.350% | | | | | | |
| | | | 12/1/10 | 45,000 | 4.450% | | | | | | |
| | | | 12/1/11 | 55,000 | 4.550% | | | | | | |
| | | | 12/1/12 | 55,000 | 4.650% | | | | | | |
| | | | 12/1/13 | 60,000 | 4.750% | | | | | | |
| | | | 12/1/14 | 60,000 | 4.750% | | | | | | |
| | | | 12/1/15 | 65,000 | 4.900% | | | | | | |
| | | | 12/1/16 | 65,000 | 4.900% | | | | | | |
| | | | 12/1/17 | 70,000 | 4.900% | | | | | | |
| | | | 12/1/18 | 75,000 | 4.900% | 695,000.00 | 45,000.00 | 650,000.00 | | | |
| General Obligation Refunding Bonds Series 2002 | 8/8/02 | 12,635,000 | 12/1/08 | 640,000 | 3.150% | | | | | | |
| | | | 12/1/09 | 665,000 | 5.000% | | | | | | |
| | | | 12/1/10 | 695,000 | 3.600% | | | | | | |
| | | | 12/1/11 | 720,000 | 3.700% | | | | | | |
| | | | 12/1/12 | 745,000 | 3.800% | | | | | | |
| | | | 12/1/13 | 775,000 | 3.900% | | | | | | |
| | | | 12/1/14 | 805,000 | 4.000% | | | | | | |
| | | | 12/1/15 | 840,000 | 4.150% | | | | | | |
| | | | 12/1/16 | 880,000 | 5.250% | | | | | | |
| | | | 12/1/17 | 930,000 | 5.250% | | | | | | |
| | | | 12/1/18 | 980,000 | 5.250% | | | | | | |
| | | | 12/1/19 | 1,030,000 | 4.500% | 10,325,000.00 | 620,000.00 | 9,705,000.00 | | | |
| | | | | | | | | | <u>\$ 11,575,000.00</u> | <u>\$ 715,000.00</u> | <u>\$ 10,860,000.00</u> |
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SCHEDULE OF LOAN PAYABLE
 NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION
WATER AND SEWER UTILITY CAPITAL FUND

| <u>DATE OF ISSUE</u> | <u>PURPOSE OF ISSUE</u> | <u>ORIGINAL AMOUNT</u> | <u>DATE</u> | <u>AMOUNT</u> | <u>INTEREST RATE</u> | <u>BALANCE JUNE 30, 2007</u> | <u>DECREASE</u> | <u>BALANCE JUNE 30, 2008</u> |
|--------------------------|---------------------------------|----------------------------|-------------|---------------|--------------------------|----------------------------------|--------------------|----------------------------------|
| 11/1/97 | Hazardous Site Remediation Loan | \$ 23,670.00 | 11/1/07 | | | \$ 2,366.50 | 2,366.50 \$ | |
| | | | | | | <u>\$ 2,366.50 \$</u> | <u>2,366.50 \$</u> | |
| | | | | | <u>Ref.</u> | D | D-24 | |

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
WATER AND SEWER UTILITY CAPITAL FUND

| ORD. NO. | IMPROVEMENT DESCRIPTION | BALANCE - JUNE 30, 2007 | | SFY 2007 AUTHOR. | RESERVE FOR ENCUMB. JUNE 30, 2007 | PAID OR CHARGED | RESERVE FOR ENCUMB. JUNE 30, 2008 | BALANCE - JUNE 30, 2008 | |
|-------------|-------------------------------------|-------------------------|----------------------|------------------------|--|----------------------|--|-------------------------|---------------------|
| | | <u>FUNDED</u> | <u>UNFUNDED</u> | | | | | <u>FUNDED</u> | <u>UNFUNDED</u> |
| 1295-3 | Various Improvements - Water/Sewer | \$ | \$ | \$ | \$ 6,560.44 | \$ | \$ 6,560.44 | \$ | |
| 1298-2 | Various Improvements - Water | 50,489.82 | | | | 50,489.82 | | | |
| 1417 | Improv. Water Well #3 | | 22,370.36 | | | 21,380.39 | | | 989.97 |
| 1424 | Improv. Water Well #5 | | 96,316.24 | | 451.56 | 96,767.80 | | | |
| 1441/1466 | Design Desalination Sys Water Plant | | 163,837.63 | 2,335,000.00 | 1,162.37 | 120,501.56 | | | 2,379,498.44 |
| | | <u>\$ 50,489.82</u> | <u>\$ 282,524.23</u> | <u>\$ 2,335,000.00</u> | <u>\$ 8,174.37</u> | <u>\$ 289,139.57</u> | <u>\$ 6,560.44</u> | <u>\$</u> | <u>2,380,488.41</u> |
| | <u>Ref.</u> | D | D | D-13 | D | D-5 | D | | D |

Exhibit - D-22

SCHEDULE OF ACCOUNTS PAYABLE
WATER AND SEWER UTILITY CAPITAL FUND

| | <u>REF.</u> | |
|-------------------------|-------------|--------------------|
| Balance - June 30, 2007 | D | \$ 3,660.00 |
| Balance - June 30, 2008 | D | <u>\$ 3,660.00</u> |

Exhibit - D-23

SCHEDULE OF RESERVE FOR CAPITAL IMPROVEMENT FUND
WATER AND SEWER UTILITY CAPITAL FUND

| | <u>REF.</u> | |
|-------------------------|-------------|---------------------|
| Balance - June 30, 2007 | D | \$ 52,000.00 |
| Increased By: | | |
| Budget Appropriation | D-5 | <u>25,000.00</u> |
| Balance - June 30, 2008 | D | <u>\$ 77,000.00</u> |

Exhibit - D-24

SCHEDULE OF RESERVE FOR AMORTIZATION
WATER AND SEWER UTILITY CAPITAL FUND

| | <u>REF.</u> | |
|-------------------------|-------------|-------------------------|
| Balance - June 30, 2007 | D | \$ 12,495,584.33 |
| Adjusted by: | | |
| Increased by: | | |
| Serial Bonds Paid | D-19 | \$ 715,000.00 |
| Water Supply Loan Paid | D-20 | <u>2,366.50</u> |
| | | <u>717,366.50</u> |
| Balance - June 30, 2008 | D | <u>\$ 13,212,950.83</u> |

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION
WATER AND SEWER UTILITY CAPITAL FUND

| | <u>REF.</u> | |
|-------------------------|-------------|--------------------|
| Balance - June 30, 2007 | D | \$ 3,660.00 |
| Balance - June 30, 2008 | D | <u>\$ 3,660.00</u> |

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Exhibit - D-26

| ORD. NO. | <u>IMPROVEMENT DESCRIPTION</u> | <u>BALANCE JUNE 30, 2007</u> | <u>2007 AUTHOR.</u> | <u>BOND ANTICIPATION NOTES ISSUED</u> | <u>BOND ANTICIPATION NOTES REDEEMED</u> | <u>BALANCE JUNE 30, 2008</u> |
|-------------|-------------------------------------|----------------------------------|-------------------------|---|---|----------------------------------|
| 1417 | Improvements to Water Well #3 | | | 148,000.00 | 148,000.00 | |
| 1424 | Improvements to Water Well #5 | 45,000.00 | | 100,000.00 | 55,000.00 | |
| 1441/1466 | Design Desalination Sys Water Plant | 165,000.00 | 2,335,000.00 | | | 2,500,000.00 |
| | | | | | | |
| | | \$ 210,000.00 | \$ 2,335,000.00 | \$ 248,000.00 | \$ 203,000.00 | \$ 2,500,000.00 |

Ref.

D

SUPPLEMENTARY DATA

BOROUGH OF KEANSBURG
MONMOUTH COUNTY, NEW JERSEY

COMBINED BALANCE SHEET ALL FUNDS
FOR THE YEAR ENDING JUNE 30, 2008

| ASSETS | CURRENT FUND | TRUST FUND | GENERAL CAPITAL FUND | WATER AND SEWER UTIL. FUND | MEMORANDUM ONLY | |
|---|-----------------------|---------------------|----------------------------|----------------------------------|------------------------|------------------------|
| | | | | | JUNE 30, 2008 | JUNE 30, 2007 |
| Cash | \$2,202,207.79 | \$443,671.71 | \$405,628.94 | \$833,026.33 | \$3,884,534.77 | \$4,643,227.36 |
| Accounts Receivable: | | | | | | |
| Public & Private Grants | 132,794.73 | | | | 1,011,350.93 | 1,199,392.77 |
| Due from State of New Jersey | 60,706.78 | | 878,556.20 | | 60,706.78 | 60,743.03 |
| Taxes, Assessments, Liens and Utility Charges | 222,900.00 | | | 829,092.21 | 1,051,992.21 | 1,088,829.62 |
| Interfund Loans | 14,586.70 | | 724,839.67 | 682,608.14 | 1,422,034.51 | 849,140.45 |
| Other Accounts Receivable | 54,666.33 | 2,341.00 | | | 57,007.33 | 42,152.71 |
| Deferred Charges to Future Taxation | | | | | | |
| General Capital | | | 11,857,762.66 | | 11,857,762.66 | 12,042,962.92 |
| Deferred Charges to Revenue of | | | | | | |
| Succeeding Years | 174,000.00 | | | 2,581.76 | 176,581.76 | 232,000.00 |
| Fixed Capital | | | | 24,072,950.83 | 24,072,950.83 | 24,072,950.83 |
| Fixed Capital - Author. and Uncompl. | | | | 2,751,660.00 | 2,751,660.00 | 416,660.00 |
| Total Assets | \$2,861,862.33 | \$446,012.71 | \$13,866,787.47 | \$29,171,919.27 | \$46,346,581.78 | \$44,648,059.69 |
| LIABILITIES, RESERVES AND FUND BALANCE | | | | | | |
| Bonds, Notes, Leases and Loans Payable | | | \$10,731,225.66 | \$11,108,000.00 | \$21,839,225.66 | \$22,709,749.42 |
| Special Emergency Notes Payable | 174,000.00 | | | | 174,000.00 | 232,000.00 |
| Reserve for Encumbrances/Accounts Payable | 263,687.44 | 4,203.36 | 209,016.06 | 91,158.04 | 568,064.90 | 679,785.16 |
| Excess Non Municipal Billings | 79,675.30 | | | | 79,675.30 | |
| Tax, Assessment, Utility Charge and Other Overpayments | 5,146.45 | | | 22,676.56 | 27,823.01 | 27,790.60 |
| Appropriation Reserves | 275,947.79 | | | 746,010.97 | 1,021,958.76 | 988,534.05 |
| Amounts Pledged to Specific Purposes | 33,599.22 | 434,140.51 | 614,071.93 | 131,891.62 | 1,213,703.28 | 681,949.13 |
| Improvement Authorizations | | | 2,180,548.43 | 2,380,488.41 | 4,561,036.84 | 2,852,321.34 |
| Interfund Loans | 910,753.15 | 7,635.84 | 112,417.98 | 391,227.54 | 1,422,034.51 | 849,140.45 |
| Other Liabilities | 74,625.53 | 33.00 | | | 74,658.53 | 146,809.36 |
| Res. for State and Fed. Grants | 171,357.44 | | | | 171,357.44 | 136,884.73 |
| Reserve for Certain Assets Receivable | | | | 829,092.21 | 1,114,294.38 | 1,137,750.75 |
| Reserve for Amortization | 285,202.17 | | | 13,216,610.83 | 13,216,610.83 | 12,499,244.33 |
| Fund Balance | 587,867.84 | | 19,507.41 | 254,763.09 | 862,138.34 | 1,706,100.37 |
| Total Liabilities, Reserves and Fund Balance | \$2,861,862.33 | \$446,012.71 | \$13,866,787.47 | \$29,171,919.27 | \$46,346,581.78 | \$44,648,059.69 |

COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGE IN FUND BALANCE - CURRENT FUND

| Revenue and Other <u>Income Realized</u> | Fiscal Year 2008 | | Fiscal Year 2007 | |
|--|----------------------|---------------|-----------------------|---------------|
| | <u>Amount</u> | <u>%</u> | <u>Amount</u> | <u>%</u> |
| Fund Balance Utilized | \$850,000.00 | 4.22 | \$775,000.00 | 4.01 |
| Miscellaneous - From Other Than Local Property Tax Levies | 4,845,795.22 | 24.08 | 4,814,500.18 | 24.94 |
| Collection of Delinquent Taxes and Tax Title Liens | 8,814.23 | 0.04 | 3,313.37 | 0.02 |
| Collection of Current Tax Levy | 14,199,517.76 | 70.55 | 13,335,143.27 | 69.08 |
| Miscellaneous Revenues Not Anticipated | 57,296.68 | 0.28 | 28,134.49 | 0.15 |
| Unexpended Balance of Approp. Reserve | 164,279.75 | 0.82 | 324,244.41 | 1.68 |
| Canceled Grant Appropriations | | | | |
| Other Canceled | | | 24,500.00 | 0.13 |
| Total Income | <u>20,125,703.64</u> | <u>100.00</u> | <u>19,304,835.72</u> | <u>100.00</u> |
| <u>Expenditures</u> | | | | |
| Budget Expenditures: | | | | |
| Municipal Purposes | 13,173,494.44 | 66.86 | 12,283,820.52 | 66.39 |
| County Taxes | 2,054,286.24 | 10.43 | 1,881,077.51 | 10.17 |
| Local School Taxes | 4,473,434.00 | 22.71 | 4,319,925.00 | 23.35 |
| Other Debits: | | | | |
| Interfunds Advanced & Other Charges | <u>847.72</u> | <u>0.00</u> | <u>16,617.26</u> | <u>0.09</u> |
| Total Expenditures | <u>19,702,062.40</u> | <u>100.00</u> | <u>18,501,440.29</u> | <u>100.00</u> |
| Excess in Revenue | 423,641.24 | | 803,395.43 | |
| Add: Expenditures Included Above Which are by Statute Deferred Charges to Succeeding Years | | | | |
| Statutory Excess to Fund Balance | 423,641.24 | | 803,395.43 | |
| Fund Balance July 1 | <u>1,014,226.60</u> | | <u>985,831.17</u> | |
| | 1,437,867.84 | | 1,789,226.60 | |
| Less: | | | | |
| Utilization as Anticipated Revenue | <u>850,000.00</u> | | <u>775,000.00</u> | |
| Fund Balance June 30 | <u>\$587,867.84</u> | | <u>\$1,014,226.60</u> | |

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
FUND BALANCE - WATER AND SEWER UTILITY OPERATING FUND

| Revenue and Other <u>Income Realized</u> | Fiscal Year 2008 | | Fiscal Year 2007 | |
|--|---------------------|---------------|---------------------|---------------|
| | <u>Amount</u> | <u>%</u> | <u>Amount</u> | <u>%</u> |
| Fund Balance Utilized | \$485,000.00 | 9.66 | \$450,350.00 | 8.55 |
| Collection of Water and Sewer Rents | 4,380,593.37 | 87.23 | 4,482,457.27 | 85.15 |
| Miscellaneous - From Other Than Water and Sewer Rents | <u>156,108.27</u> | <u>3.11</u> | <u>331,580.34</u> | <u>6.30</u> |
| Total Income | <u>5,021,701.64</u> | <u>100.00</u> | <u>5,264,387.61</u> | <u>100.00</u> |
| <u>Expenditures</u> | | | | |
| Budget Expenditures | 4,881,372.83 | 99.98 | 4,846,892.60 | 99.93 |
| Other Charges | <u>1,213.84</u> | <u>0.02</u> | <u>3,621.25</u> | <u>0.07</u> |
| Total Expenditures | <u>4,882,586.67</u> | <u>100.00</u> | <u>4,850,513.85</u> | <u>100.00</u> |
| Excess in Revenue | 139,114.97 | | 413,873.76 | |
| Adjustments to Income Before Surplus: Expenditures included above which are, by Statute, Deferred Charges to Budget of Succeeding Year | <u>2,581.76</u> | | | |
| Statutory Excess (Deficit) to Surplus | 141,696.73 | | 413,873.76 | |
| Fund Balance July 1 | <u>591,642.65</u> | | <u>653,118.89</u> | |
| | 733,339.38 | | 1,066,992.65 | |
| Decreased by: | | | | |
| Utilization as Anticipated Revenue Current Fund | | | 25,000.00 | |
| Utilization as Anticipated Revenue | <u>485,000.00</u> | | <u>450,350.00</u> | |
| Fund Balance June 30 | <u>\$248,339.38</u> | | <u>\$591,642.65</u> | |

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

| | <u>2008</u> | <u>2007*</u> | <u>2006</u> |
|--|-------------------------|-------------------------|-------------------------|
| <u>Tax Rate:</u> | <u>\$1.912</u> | <u>\$1.764</u> | <u>\$4.747</u> |
| <u>Apportionment of Tax Rate:</u> | | | |
| Municipal | <u>\$1.075</u> | <u>\$0.932</u> | <u>\$2.534</u> |
| County, Cty. Library & Cty. Open Space | <u>\$0.260</u> | <u>\$0.254</u> | <u>\$0.655</u> |
| Local School District | <u>\$0.577</u> | <u>\$0.577</u> | <u>\$1.558</u> |
| Assessed Valuation | | | |
| 2008 | <u>\$775,263,173.00</u> | | |
| 2007 | | <u>\$775,164,574.00</u> | |
| 2006 | | | <u>\$277,074,590.00</u> |

Notes: Under the provisions of Chapter 73, L. 1976 (R.S. 54:4-46.1) the County Board of Taxation estimated the amount of approved Veterans' and Senior Citizens' tax deductions, etc. to be \$91,000.00 for the year 2008.

* (R) - Revaluation

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

| <u>Year</u> | <u>Tax Levy</u> | <u>Cash Collections</u> | <u>% Of Collections</u> |
|-------------|-----------------|-------------------------|-------------------------|
| 2008 | \$14,299,557.10 | \$14,279,193.06 | 99.86% |
| 2007 | 13,351,294.24 | 13,335,143.27 | 99.88% |
| 2006 | 12,795,342.60 | 12,777,961.29 | 99.86% |

DELINQUENT TAXES AND TAX TITLE LIENS

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

| <u>Year</u> | <u>Amount of Tax Title Liens</u> | <u>Amount of Delinquent Taxes</u> | <u>Total Delinquent</u> | <u>Percentage of Tax Levy</u> |
|-------------|----------------------------------|-----------------------------------|-------------------------|-------------------------------|
| 2008 | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| 2007 | 31,262.42 | 9,381.95 | 40,644.37 | 0.30% |
| 2006 | 26,566.70 | 7,569.13 | 34,135.83 | 0.27% |

COMPARISON OF WATER AND SEWER UTILITY LEVIES AND COLLECTIONS

| <u>Year</u> | <u>Billings</u> | <u>*Collections</u> |
|-------------|-----------------|---------------------|
| 2008 | \$4,286,043.61 | \$4,296,982.65 |
| 2007 | 4,291,938.01 | 4,299,266.80 |
| 2006 | 4,363,934.67 | 4,412,354.17 |

* Includes collections of prior unpaid balances

COMPARATIVE SCHEDULE OF FUND BALANCES

| | <u>Year</u> | <u>Balance June 30</u> | <u>Utilized in Budget of Succeeding Year</u> |
|--------------|-------------|----------------------------|--|
| Current Fund | 2008 | \$587,867.84 | \$585,576.17 |
| | 2007 | 1,014,226.60 | 850,000.00 |
| | 2006 | 985,831.17 | 775,000.00 |
| | 2005 | 819,796.54 | 736,588.00 |

| | <u>Year</u> | <u>Balance June 30</u> | <u>Utilized in Utility Budget of Succeeding Year</u> | <u>Additional Utilized in Current Fund Budget of Succeeding Year</u> |
|-------------------------|-------------|----------------------------|--|--|
| Water and Sewer Utility | 2008 | \$248,339.38 | \$225,000.00 | \$0.00 |
| Operating Fund | 2007 | 591,642.65 | 485,000.00 | 25,000.00 |
| | 2006 | 653,118.89 | 450,350.00 | 100,000.00 |
| | 2005 | 933,004.19 | 611,168.00 | |

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office as at June 30, 2008:

| <u>NAME</u> | <u>TITLE</u> | <u>BOND</u> |
|----------------------------|-------------------------------------|----------------|
| Lisa Strydio | Mayor | |
| James Cocuzza, Sr. | Councilperson | |
| George Hoff | Councilperson | |
| Andrew Murray | Councilperson | |
| Arthur Boden | Councilperson | |
| Patrick DeBlasio | Chief Financial Officer | |
| Thomas Cusick | Borough Clerk/Tax Collector | \$200,000.00 * |
| John O. Bennett, III, Esq. | Borough Attorney | |
| Sharon Moore | Court Administrator | \$200,000.00 * |
| Dennis O'Keefe | Dept. of Public Works Supervisor | |
| Steve Ussman | Water & Sewer Department Supervisor | |

* Blanket bond coverage provided through JIF.

All other employees were covered under a blanket position bond coverage through the JIF.

BOROUGH OF KEANSBURG
COUNTY OF MONMOUTH, NEW JERSEY
FOR YEAR ENDED JUNE 30, 2008

GENERAL COMMENTS

An audit of the financial accounts and transactions of the Borough of Keansburg, County of Monmouth, New Jersey, for the year ended June 30, 2008 has been completed. The General Comments are herewith set forth:

Scope of Audit

The audit covered the financial transactions of the Finance Department, Treasurer and Tax/Water and Sewer Utility Collector and the other various offices and departments collecting fees within the Borough of Keansburg, County of Monmouth, New Jersey.

The audit did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. Cash on hand was counted and cash and investment balances were reconciled with independent certifications obtained directly from the depositories. Revenues and receipts were established and verified as to source and amount insofar as the records permitted.

Internal Control Over Financial Reporting - Significant Deficiency(s)

Financial Accounting and Reporting System

Lack of complete, accurate, and timely financial accounting and reporting for all funds, specifically the lack of a complete general ledger and general journal, and cash receipt and disbursement journals. Including lack of proper supervisory review and approval functions of transaction and adjusting entries.

Bank Reconciliations

Lack of timely and complete bank reconciliation for all funds, accounts, and investments.

Segregation of Duties—Finance Department, Tax Office, and
Water and Sewer Utility Collector Office

Conditions exist whereby the same person may authorize and initiate financial transactions, record financial transactions, receipt and disbursement of Borough funds, and perform a reconciliation of general ledger control accounts with subsidiary financial accounting records and/or source documents.

Segregation of Duties—Outside Offices/Departments Collecting Fees

Conditions may exist whereby the same individual may collect, record, and deposit/remit cash receipts in the following offices/departments: Municipal Court, Borough Clerk, Registrar of Vital Statistics, Board of Health, Construction Code/Code Enforcement, Fire Safety & Rental Permits, and Police Department.

GENERAL COMMENTS

Compliance and Other Matters - Non Compliance-Material

Governmental Fixed Assets

The Borough does not maintain a Governmental Fixed Asset Accounting and Reporting System as required by the Local Finance Board, State of New Jersey, as codified in the New Jersey Administrative Code (N.J.A.C. 5:30-5.6) "Accounting for Governmental Fixed Assets".

With respect to the reporting of internal control matters, standards require that only a significant deficiency and/or a material weakness need be reported in writing to management and those charged with governance. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects an entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles or other applicable accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. The control deficiencies reported above are not considered to be significant deficiencies nor material weaknesses. In addition, these control deficiencies are not required to be reported in writing, however, these control deficiencies are presented to management and those charged with governance in this report as a means to present those matters identified in review of the Borough's internal controls and as a means to inform management and those charged with governance as to the auditing standards requirements with respect to internal controls.

OTHER MATTERS

N.J.S.A. 40A:11-4 states "Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost of the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate of \$21,000.00 except by contract or agreement".

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$21,000.00 within the fiscal year and where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

A review of the Borough's purchasing procedures indicates that bids were requested by public advertising as disclosed in the Borough's Official Minutes as follows:

GENERAL COMMENTS

Contracts and Agreements Required

To be advertised per N.J.S.A. 40A:11-4 (Cont'd)

Materials, Supplies and Equipment

Purchase of Fire Truck.

Construction and Repairs

Installation of Panels at Library; Improvements to Highland Blvd. from Laurel to Oakwood Place; and Improv. to Linton, Leroy, Vogel..

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed.

The examination of expenditures revealed no individual payments, in excess of \$21,000.00 "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement for.

Upon inquiry of various officials responsible for the purchases of materials, supplies, equipment etc. for the municipality in relation to the Local Public Contracts Laws regarding the solicitation of quotations, it was determined that there was limited compliance with this provision of the law.

State Statute (N.J.S.A. 40A:6.1 subsection a.) mandates that the contracting organization retain the record of the solicitation of quotations and include a copy of the record with the voucher used to pay the vendor.

We suggest that the documentation of solicitation of quotes be appended to the voucher package in all cases.

The minutes indicated that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

Any interpretation as to possible violation of N.J.S.A. 40A:11-4 would be in the province of the municipal solicitor.

Business Registration Act (P.L. 2004, c.57) and Pay to Play Law (P.L. 2005, c.271)

During our procedures we reviewed payment for compliance with the provisions of the Business Registration Act (P.L. 2004, c.57) and the Pay to Play Law (P.L. 2005, c.271). Our review noted exceptions with compliance to the above referenced.

We suggest that the Borough maintain full compliance with the provisions of the Business Registration Act (P.L. 2004, c.57) and Pay to Play Law (P.L. 2005, c.271).

GENERAL COMMENTS

Collection of Interest on Delinquent Real Estate Taxes and Utility Charges

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body adopted the following resolution authorizing interest to be charged on delinquent taxes:

"Be it Resolved by the Mayor and the Borough Council, that the interest rates on delinquent taxes in the Borough of Keansburg be brought into conformity with the State Law. That is 8% on accounts under \$1,500.00 and 18% on accounts over \$1,500.00 and allows for the assessment of a six percent (6.00%) penalty on year end delinquencies that are in excess of \$10,000.

Our review indicates interest was collected in accordance with the foregoing resolution with exceptions notes.

We suggest that interest on delinquent items be collected in accordance with adopted resolution.

Delinquent Taxes , Tax Title Liens and Delinquent Utility Charges

A tax sale was scheduled and held during the state fiscal year 2008, and excluded items subject to sale for accounts reported to be under bankruptcy and/or disputed. In addition, the Borough had established the policy to exclude utility delinquencies billed subsequent to December of the respective fiscal year during the year of acquisition of the utility.

It is recommended that all delinquent utility accounts be reviewed and proper disposition be made and included in the next subsequent or additional tax sale where appropriate.

The following comparison is made of the number of tax title liens receivable at June 30 of the current and two preceding years:

| <u>Year</u> | <u>Number of Liens</u> |
|-------------|----------------------------|
| 2008 | 0 |
| 2007 | 4 |
| 2006 | 9 |

During the year ended June 30, 2008, the Borough has adjusted tax title liens for proper recording as properties foreclosed.

Surety Bond Coverage

The "List of Officials", included as part of the Supplementary Data section of this report, discloses the status of surety bond coverage's in effect at June 30, 2008. The surety bond requirements for the Tax/Utility Collector were in compliance with Administrative Code requirements issued by the Local Finance Board. The surety bond requirements for the Court personnel were in compliance with Administrative Code requirements issued by the Local Finance Board.

GENERAL COMMENTS

Surety Bond Coverage (Cont'd)

During July 1998, the Local Finance Board completed a re-adoption of the Board's general rules in the New Jersey Administrative Code. Based upon the new provisions of N.J.A.C. 5:30-8.3 and 8.4, local units are encouraged to utilize new recommended amounts in lieu of the minimum amounts in order to provide a higher level of security of public funds.

We suggest that the Borough review its statutory surety bond coverage for compliance with Administrative Code requirements. In addition, the Borough should review coverage for all employees and officials, and determine that each person is bonded in accordance with their respective responsibilities.

Interfund Payable Balances

The balance sheets of the following funds show interfund loans payable at June 30, 2008:

| <u>FUND</u> | <u>AMOUNT</u> |
|------------------------------|---------------|
| Current Fund | \$910,753.15 |
| Trust Fund | 7,635.8 |
| General Capital Fund | 112,417.98 |
| Water and Sewer Utility Fund | 391,227.54 |

Interfund Loans are disclosed in Note 12 to the Financial Statements – Regulatory Basis.

Interfund loan balances listed above are to a certain extent, the result of year-end adjustments and journal entries between the funds and the failure to clear prior year amounts.

It is recommended that interfund loan payable amounts be cleared by cash transfer, where feasible.

Investment of Idle Funds

The Chief Financial Officer had the idle funds of the Borough invested in interest-bearing investments or accounts during SFY 2008. Interest earnings from these accounts are reflected in the financial statements of the respective fund. The Borough maintains an informal investment program instituted by the Chief Financial Officer.

All accounts were directly confirmed as of June 30, 2008 and December 31, 2008.

We suggest that the Borough require monthly cash, cash equivalent, and investment reporting to the Governing Body as part of the formal cash management plan policy.

GENERAL COMMENTS

Payment of Claims

Claims were examined on a test basis for the year under review and exceptions were noted relating to missing signatures, lacking back up documentation or could not be located.

We suggest that greater care should be exercised to assure completeness of the voucher process in all respects before payment is remitted.

We also suggest that the bill list presented to the governing body for the approval of payment of claims be complete in all respects.

Purchase Order System and Encumbrance Accounting System

The Borough's budgetary operation is on a full encumbrance system with the exception of payrolls and other direct costs. The Borough utilizes a purchase order system for most of its expenditures. Tests of the systems disclosed instances of noncompliance during SFY 2008, including the issuance of confirming orders.

We suggest that the Borough continue to review and monitor the Purchase Order System and Encumbrance Accounting System for compliance with the Technical Accounting Directive as codified in the New Jersey Administrative Code (N.J.A.C. 5:30-5.20) "Encumbrance Systems" in all respects.

Municipal Court

The financial records of the Borough's Municipal Court were reviewed for the year ended June 30, 2008. Cash was reconciled on a monthly basis and disbursements were made to the various agencies on a monthly basis. During the performance of our procedures, we noted that bank reconciliations (general and bail accounts) are not being performed on a timely basis.

It is recommended that bank reconciliations be performed on a timely basis for the general and bail accounts.

Outside Offices and Departments

Our review of the financial accounting and reporting records of the outside offices and departments disclosed the following exceptions:

- Noncompliance with 48-hour statutory deposit requirement (N.J.S.A. 40A:5-15).
- Lack of a permanent complete cash receipt and disbursement/turnover journal.
- Non-issuance of duplicate receipt forms.
- Lack of issuance of monthly reports and reconciliation of monthly reports with the records of the Finance Department.
- Lack of segregation of duties and responsibilities.

It is recommended that the Borough review and standardize internal control and reporting policies with respect to outside offices and departments collecting Borough funds, including compliance with the statutory 48-hour deposit requirement.

In addition, we suggest that the Borough conduct a dog license census in order to determine compliance with animal control licensing requirements.

GENERAL COMMENTS

Water and Sewer Utility Fund

The Water and Sewer Utility operations for SFY 2008 resulted in excess revenues of \$139,114.97 and a statutory excess of \$159,220.54 for debt statement purposes. The total Water and Sewer Utility debt of \$13,608,000.00 was reported as a statutory deduction allowed based upon statutory provisions, which permit full deductions when operations result in statutory excess in revenues. A reconciliation of the amounts reported as operating excess and statutory excess for debt statement purposes is included in the Note 3b to Financial Statements – Regulatory Basis.

State and Federal Grants - Budgetary

The review of procedures presently in place for the budgeting and accounting for grants allocated to the Borough revealed noncompliance with the requirements promulgated by the Director of the Division of Local Government Services. The prescribed treatment requires that grants be appropriated in the applicable Budget or Fund. During SFY 2008, the Borough expended unappropriated grant funds.

It is recommended that State, Federal, and Local grant funds be appropriated in accordance with the Local Budget Law N.J.S.A. 40A-4.

Overexpenditure of Budget Appropriation

The Water and Sewer Utility Operating Fund reports an overexpenditure of the SFY 2008 budget appropriations in the amount of \$2,581.76 as at June 30, 2008.

It is recommended that the Borough avoid budgetary overexpenditures in accordance with Local Budget Law N.J.S.A. 40A-4.

Administration and Accounting of State & Federal Grants (State & Federal Grant Fund and General Capital Fund)

During SFY 2008, the Borough operated programs, which, were funded in whole or in part by state or federal grant awards. As part of the acceptance of these funds, the Borough is required to make assurances to the grantor agency that it will comply, in its general operations as well as in the operation of grant funded programs, with various laws and regulations. In addition, the individual grant contracts impose specific compliance requirements for the operations of each program. The examination of these grant programs indicated that the Borough has expended grant funds during SFY 2008 for the purposes authorized.

We suggest that all grant receivable and appropriation balances as of June 30, 2008 be reviewed and proper disposition be made.

The acceptance of grant funds also places additional requirements upon the Borough with respect to the Borough's system of internal controls. Based upon the matrix of requirements applicable to a specific grant, the Borough's internal controls are required to include systems and policies and procedures designed to ensure compliance with the applicable requirements. In addition, we suggest the Borough review all of the applicable grant requirements in conjunction with the Borough's system of internal controls in order to ensure the Borough's internal controls are functioning at the requisite levels to meet with the various compliance requirements.

GENERAL COMMENTS

Administration and Accounting of State & Federal Grants (State & Federal Grant Fund and General Capital Fund)

We suggest the Borough review its system of internal controls and various policies and procedures as they apply to the compliance requirements for State and Federal grants.

It was also noted that the Schedules of Federal and State Financial Assistance were not complete in all respects. In addition, as with other local entities, due to weaknesses in the grant notification process followed by certain agencies that pass-through federal and state assistance to the Borough, the Borough often does not receive accurate and timely information with respect to grant funding sources, along with the relevant CFDA and account number information from its grantor agencies, which can inhibit the preparation of these financial assistance schedules.

We suggest that the Schedules of Federal and State Financial Assistance be complete in all respects, including the proper classification of expenditures, and presented for the single audit when required.

Dedication by Rider

During our procedures we noted Trust Fund reserves in which Dedication by Rider resolutions have not been prepared, submitted or approved by the governing body or the Division of Local Government Services.

It is recommended that the Borough review the Trust fund reserves for compliance with N.J.S.A. 40A-4: 39 - Dedication by Rider.

Condition of Records – Finance Department

The Finance Department utilized a computerized general ledger accounting system during SFY 2008. General ledgers were maintained for all funds. The Borough is currently in compliance with N.J.A.C. 5:30 - 5.7 General Ledger Accounting System, establishment and maintenance of a general ledger for at least the Current Fund.

Adjustments and reclassifications were required in order for the financial accounting and reporting system to be utilized as the basis for the preparation of financial statements on a regulatory basis. In addition, audit adjustments were proposed and posted to properly reconcile the financial accounting and reporting system with the financial statements.

We suggest that the Borough incorporate the activities and transactions of the payroll deductions /payroll deductions payable and the workmen's compensation trust reserve within the financial accounting and reporting system.

It is recommended that the financial accounting and reporting system of the Borough be maintained in a complete, accurate, and timely for all funds, including timely bank reconciliations. In addition, a formal review and approval function establish for the recording of all transactions and adjusting journal entries.

GENERAL COMMENTS

Condition of Records – Tax Office

The amounts recorded for property acquired for taxes at assessed valuations “foreclosed properties” do not agree with the detailed foreclosed property listing.

We suggest that the Tax Office continue the reconciliation process.

Compliance with Technical Accounting Directives

The Local Finance Board, State of New Jersey, adopted the following requirements, previously identified as “technical accounting directives”, as codified in the New Jersey Administrative Code, as follows:

N.J.A.C. 5:30-5.2 – Encumbrance Systems: This directive requires the development and implementation of accounting systems, which can reflect the commitment of funds at the point of commitment. The Borough of Keansburg is in compliance with this directive, with exceptions noted under Encumbrance System previously presented in the General Comments section of this report.

N.J.A.C. 5:30-5.6 – Accounting for Governmental Fixed Assets: This directive requires the development and implementation of accounting systems which assign values to covered assets and can track additions, retirements and transfers of inventoried assets. The Borough does not maintain a Governmental Fixed Asset accounting and reporting system.

It is recommended that the Borough implement a Governmental Fixed Asset accounting and reporting system in compliance with “N.J.A.C. 5:30-5.6 – Accounting for Governmental Fixed Assets”.

N.J.A.C. 5:30-5.7 – General Ledger Accounting System: This directive requires the establishment and maintenance of a general ledger for, at least, the Current Fund. The Borough is in compliance with this directive, with exceptions as noted in Findings/Recommendations Finance Department.

Implementation of Governmental Accounting Standards Board (GASB) Statement No. 45

GASB Statement No. 45 “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions” issued by the Governmental Accounting Standards Board requires implementation in three phases beginning with phase 1 governments applying the requirements of the Statement in financial statements for periods beginning after December 15, 2006. The Division of Local government Services has issued Local Finance Notices LFN 2007-15 and LFN 2009-13 to assist in determining the proper compliance.

We suggest that Borough review GASB Statement No. 45 in order to ensure compliance in all respects.

Compliance with Local Finance Notices

Local Finance Notice (LFN) No. 92-15 requires that the Borough prepare and file a corrective action plan in accordance with the approved schedule.

The Borough is in compliance with the above directive.

GENERAL COMMENTS

Excess Non Municipal Billings – State Fiscal Year 2008

For the period ended June 30, 2008, the Borough reported excess non municipal billings in the total amount of \$79,675.30 as reflected on the Current Fund Balance Sheet (Exhibit –A). this amount represents excess local district school taxes levied during the period.

Internal Control Documentation

The Borough should continue the process of documenting its internal controls. This course of action will serve the purpose of meeting certain requirements as set forth by the Statement on Auditing Standards 112. We suggest the Borough continue this process and also consider utilizing the framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) for its documentation, which includes the five components of internal controls, as follows: Control Environment; Risk Assessment; Control Activities; Information and Communication; and Monitoring. In addition, we suggest the documentation should also include the internal controls that exist over grant compliance.

RECOMMENDATIONS

We Recommend the following:

That interfund loan payable amounts be cleared by cash transfer, where feasible.

That all delinquent utility accounts be reviewed and proper disposition be made and included in the next subsequent or additional tax sale where appropriate.

That Municipal Court bank reconciliations be performed on a timely basis for the general and bail accounts.

That the Borough review and standardize control and reporting policies with respect to outside offices and departments collecting Borough funds, including compliance with the statutory 48-hour deposit requirement.

That State, Federal, and Local grant funds be appropriated in accordance with the Local Budget Law N.J.S.A. 40A-4.

That the Borough avoid budgetary overexpenditures in accordance with Local Budget Law N.J.S.A. 40A-4.

That the Borough review the Trust fund reserves for compliance with N.J.S.A. 40A-4: 39 - Dedication by Rider.

That the financial accounting and reporting system of the Borough be maintained in a complete, accurate, and timely for all funds, including timely bank reconciliations. In addition, a formal review and approval function establish for the recording of all transactions and adjusting journal entries.

That the Borough implement a Governmental Fixed Asset accounting and reporting system in compliance with "N.J.A.C. 5:30-5.6 – Accounting for Governmental Fixed Assets".

* * * * *

ACKNOWLEDGMENT

During the course of our audit we received the complete cooperation of the various officials of the Borough of Keansburg, county of Monmouth and the courtesies extended to us were greatly appreciated.

Should any questions arise as to our comments or recommendations or should you desire assistance in implementing our recommendations, please do not hesitate to contact us.

Very truly yours,

HODULIK & MORRISON, P.A.



Robert S. Morrison, CPA, RMA
No. 412